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Japan

Tokyo To Hold Security Talks With Washington

OW1403145095 Tokyo SANKEI SHIMBUN in Japanese 13 Mar 95 Morning Edition p 2

[FBIS Translated Text] The Governments of Japan and the United States will hold working-level security talks (a smaller meeting than the SSC [Security Subcomittee]) in Hawaii for two days from 31 March. In the talks, the two sides will discuss the issue of concluding a new accord to replace the existing special agreement on Japan's sharing of costs for the U.S. Forces in Japan [USFJ], which expires at the end of fiscal 1995, and future defense cooperation between the two countries. Japan will ask the United States to review the items of Tokyo's expenditures for the USFJ before concluding a new accord.

Attending the security meeting from Japan will be Toshiyuki Takano, councillor at the Foreign Ministry's North American Affairs Bureau, and Katsuei Hirasawa, defense councillor at the Defense Agency. From the United States, senior officials of the State and Defense Departments will attend.

On 27 February, the United States issued a report titled "The U.S. Security Strategy for the East Asia-Pacific Region." The report characterized the Japan-U.S. Security Treaty as the "cornerstone of peace and stability in the Asia-Pacific region" and indicated its support for strengthening defense cooperation between the Self-Defense Forces [SDF] and the USFJ.

In the forthcoming talks, the two sides are expected to discuss the issue of concluding a new accord to replace the current special agreement on Japan's sharing of USFJ costs, and concluding an acquisition and cross-servicing agreement (ACSA) to allow the SDF and the USFJ to provide each other with equipment, and the proposed reduction and consolidation of U.S. military facilities in Okinawa.

The United States has demanded Japan increase the USFJ items it covers in the next accord to include the renovation and maintenance of U.S. military facilities, fuel needed for transporting troops and equipment during military exercises, and the repair of runways.

According to a senior Defense Agency official, the Japanese Government's response has been: "We cannot increase the spending, but we can flexibly respond to the U.S. call to increase the range of items covered." In order to comply with the U.S. requests without increasing spending on maintaining the USFJ, the government is to ask the United States to cut some items currently specified in the agreement and show how much can be saved by the cuts.

Japan will also seek U.S. cooperation in resolving the issue of cutbacks in U.S. military facilities on Okinawa before Defense Agency Director General Tokuichiro Tamazawa's planned visit to Washington in May.

Meanwhile, the United States is expected to bring up the need for the early conclusion of an ACSA, and Japan's participation in the U.S.-proposed theater missile defense (TMD) system program.

Kono's Statement Read at Iwo Jima Ceremony

OW1403034495 Tokyo KYODO in English 0308 GMT 14 Mar 95

[FBIS Transcribed Excerpt] Iwo Jima, Japan, March 14 KYODO—Some 1,300 people from Japan and the United States gathered on this remote Pacific island Tuesday [14 March] to mourn the Japanese and U.S. war dead in the battle of Iwo Jima 50 years ago.

About 100 Japanese and 1,200 Americans took part in the joint memorial service, including Japanese and U.S. veterans and relatives of the dead, and U.S. Ambassador to Japan Walter Mondale.

A message from Foreign Minister Yohei Kono, read at the ceremony by a ministry official, stated, "Japan and the United States had a most unfortunate period in which gunfire was exchanged 50 odd years ago."

"The deadly battle for Iwo Jima claimed a number of precious lives both Japanese and American. I extend my deepest and sincerest condolences for these war dead," the message said.

"I, as the foreign minister of Japan, remember again the dead of the battle for Iwo Jima of both Japan and the United States on this solemn occasion, and pray for the further development of the Japan-U.S. relationship toward the future," said the statement by Kono.

The memorial service, held in front of a memorial built to mark a reunion of Japanese and U.S. veterans 10 years ago, is the first among a series of events planned by the U.S. Government to commemorate the 50th anniversary of the end of World War II in Japan. [passage omitted]

Takemura Reiterates Hope for Weaker Yen

OW1503101395 Tokyo KYODO in English 1002 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—Finance Minister Masayoshi Takemura expressed his hope Wednesday [15 March] that the yen will retreat further against the dollar on foreign exchange dealings.

Takemura said at a news conference, "I don't want to assume that the yen has become stable" because the current levels resulted from rapid fluctuations.

The dollar has hovered around just above the 90 yen level recently after falling to a global postwar low below the 89 yen line last week.

Takemura said Japan has continued exchanging views with the United States and European nations on the currency issue.

"Each nation is worried about the present situation and closely watching developments," Takemura said.

Takemura regretted that Japanese Government officials have made comments on foreign exchange rates to no avail, while U.S. officials' statements have helped the dollar recover some ground.

He cited the trade and current account imbalance between Japan and the U.S. as a possible factor behind the yen's strength.

Komura: Speculative Yen Surge Unlikely to Last

OW1503083095

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2238 GMT on 11 March, in its regularly-scheduled "News 2001" program, carries a 32-minute live panel discussion moderated by Yuji Kuroiwa and Megumi Sekito on the rapid rise in value of the yen against the dollar the previous week. Participants include Economic Planning Agency [EPA] Director General Masahiko Komura, Nomura Research Institute chief analyst Richard Koo, Stanford University staff Kazuhide Uekusa via satellite hookup from Los Angeles, and freelance commentator Kenichi Tekemura.

Asked about his perception of the yen rate rise, Komura says: "Generally speaking, I think the appreciation in value of the yen is not always bad for us. However, the yen rate rise can severely damage the industrial sector, the exporting industries in particular, when it happens too rapidly."

Asked if the government intends to fully grapple with the yen rate rise by lowering its official forecast of the economic growth rate, Komura says: "We basically consider the present exchange rate between the yen and the dollar does not appropriately reflect the actual circumstances of the economy, and this will be a temporary phenomenon. Of course, unexpected results often happen in the speculative market, and unreasonable phenomena do occur. Basically, we believe this cannot last long."

Asked if the EPA still believes Japan can realize 2.8-percent economic growth this year, Komura says: "If anything unexpected happens, the government will promptly take appropriate action to settle the situation. To avoid anything like that, the various national monetary authorities will take joint action to stabilize foreign exchange rates. If the unexpected happens despite that, the government will act promptly on domestic policies. The 2.8-percent growth rate was set as a realistic and favorable target, and we will try our best to reach it."

The moderators point out that economists say the yen rate rise is not a temporary phenomenon caused by speculators, and that the government cannot solve the problem as long as it insists on treating it as a product of market speculation.

Komura says: "The surge in value of eight yen in eight days cannot happen without speculation in the market. Japan's trade surplus, although it remains high in total value, was 3 percent of GDP [gross domestic product] in 1993, but is expected to drop to about 2.7 percent in 1994, and 2.4 percent in 1995. Since the decline in the trade surplus is becoming a trend, the current movement seems not to reflect economic fundamentals."

Asked how the government's deregulation plan can be used to curb the yen surge, Komura says: "We have decided to adjust domestic standards, such as the JIS [Japan Industrial Standards] and the JAS [Japan Agricultural Standards] to international standards. I believe this will considerably improve foreign access to the Japanese market. The deregulation package may not function as an immediate remedy for the yen surge, but we are going to change the nation's economic structure step by step, even though they are small steps."

Asked if a further reduction in the discount rate is necessary, Komura says: "Earlier, I said that monetary policies are at the discretion of the Bank of Japan [BOJ], and the exchange rate is not the only concern in setting the discount rate. In the present circumstances, however, the BOJ is supposed to set the discount rate at an appropriate level by considering exchange rates an important factor. I have no intention of commenting on how people should understand my words."

Mubarak Continues Official Visit in Tokyo

Praises Tokyo's Global Role

OW1503115595 Tokyo KYODO in English 1047 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—Egyptian President Husni Mubarak on Wednesday [15 March] praised Japan for its "active role" in supporting the peace efforts in the Middle East region.

"We appreciate the active role of your country in supporting the peace efforts in the Middle East," Mubarak said in his speech at a banquet hosted in his honor by Prime Minister Tomiichi Murayama.

The Egyptian leader, who arrived in Japan for a four-day visit Monday, also spoke of the need to beef up cooperative relations between Cairo and Tokyo.

Mubarak, who has conferred with Murayama, Foreign Minister Yohei Kono and other Japanese leaders during his stay, also praised Tokyo for its international cooperation and expressed support for its bid to obtain a permanent seat on the UN Security Council.

Murayama attributed the progress in the Middle East peace process to Mubarak's "untiring mediation efforts," adding, "we ardently hope that the day will soon come when all the people of the Middle East may live in peace."

The premier also noted that Mubarak's "distinguished leadership" has helped Japan contribute to the building of a peaceful order in the Middle East and in Africa.

"Desiring the attainment of peace in the Middle East and peace and prosperity for all the peoples of the world, we are determined to continue joint efforts" with Egypt under Mubarak's leadership, he said.

Views NPT Extension

OW1503101195 Tokyo KYODO in English 1000 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—Egyptian President Husni Mubarak told Prime Minister Tomiichi Murayama on Wednesday [15 march] that Egypt cannot support an indefinite extension of nuclear Nonproliferation Treaty (NPT) unless Israel joins it, a Foreign Ministry official said.

Mubarak reiterated Egypt's stance during an hourlong meeting with Murayama at the Akasaka Palace state guesthouse, but added that Cairo would not withdraw from the pact, the official said.

Mubarak, on a four-day visit to Japan that began Monday, told Murayama that Egypt is not opposed to the NPT, which it signed in 1968, and supports an indefinite extension of the treaty if all countries join without exceptions.

Israel's absence from the NPT has created a feeling of unfairness among some countries, Mubarak said, and that this is one of the causes of increased terrorism.

Murayama repeated Japan's support for the indefinite extension of the pact to prevent nuclear nonproliferation and secure the future peace and security of the world, the official said.

He pledged continued Japan's efforts in persuading other countries to support the pact's indefinite extension.

The NPT, which took effect in 1970, comes up for renewal this year. Talks on the review will begin April 17 in New York.

The pact has 173 signatories and needs a majority to approve its renewal.

Israel has refused to join the treaty until it is satisfied that countries such as Iran, Iraq and Libya do not pose a threat to its existence.

Japan and the United States are among those supporting the indefinite extension of the NPT, which commits nonnuclear states never to acquire or produce atomic arms, but permits the existing nuclear powers—the U.S., Russia, China, France and Britain—to possess nuclear arms.

On the bilateral front, Murayama pledged Japanese support for Egypt's plan to construct a bridge over the Suez Canal but without making any specific financial commitments, the official said.

Murayama was quoted as saying that after necessary surveys and procedures, Japan, in cooperation with Egypt, wants to make utmost efforts on the construction of the bridge so that it will become a symbol of a "new Middle East" where people, information and goods are exchanged freely.

The Japanese prime minister did not elaborate.

The official who briefed reporters said Japan is likely to send a mission for a feasibility study before the summer.

Tokyo has twice sent missions to study the project but details such as the scale and the estimated cost of the bridge are still unknown, according to ministry officials.

Mubarak told Murayama that the bridge is not just for Egypt but for the Middle East region as a whole and that it has a symbolic meaning because it would link Asia, Africa and Europe.

Japan has a policy of not extending new yen loans to a country that has been allowed to cancel part of its official foreign debt. The Paris Club of creditor nations agreed in 1991 to forgive half of Egypt's foreign debt.

Turning to the Middle East peace process, Mubarak said the stalemate in the Palestinian track of the peace process over such problems as redeployment of Israeli troops and Palestinian elections have led to increased terrorism in the region, and he fears that would have a negative impact on the whole Middle East region.

Murayama gave high marks to Egypt's consistent role as a key mediator in the peace process and pledged Japan's continued support for such efforts, the official said.

Aid to Egypt Pledged

OW1503021695 Tokyo KYODO in English 0105 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—Japan pledged Wednesday [15 March] to grant Egypt a total of 1.21 billion yen and send volunteers to aid in economic and social development as part of efforts to boost economic cooperation between the two countries, Foreign Ministry officials said.

Foreign Minister Yohei Kono, Egyptian Foreign Minister 'Amr Musa and Yusuf Butrus-Ghali, Egyptian minister of state for international cooperation, signed documents on the Japanese aid during a ceremony at the Akasaka state guesthouse.

Under the agreement, Japan will extend Egypt up to 1.16 billion yen to help it improve solid waste management in the city of Alexandria and another 50 million yen to purchase audiovisual equipment for the national cultural center.

Tokyo will also send Japan overseas cooperation volunteers to promote technical cooperation with Egypt, the ministry said.

Hashimoto Promises Trade Insurance

OW1503065995 Tokyo KYODO in English 0428 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—Japan's International Trade and Industry Minister Ryutaro Hashimoto told Egyptian President Husni Mubarak on Wednesday [15 March] that Tokyo will resume accepting Egyptian-bound trade insurance coverage.

The step is expected to clear the way for active Japanese investment and trade activity in Egypt, which is regarded as vital for economic development in the country, Japanese officials said.

The resumption will be confined to blue-chip, private-sector projects while the suspension of insurance coverage for public projects will remain in force, the officials said.

The measure reflects the recent pickup in egypt's economic situation and its smooth debt payments, the officials said.

Japan had frozen fresh acceptance of Egyptian-bound trade insurance in line with a 50 percent cut in external debts owed by the country following the decision at the May 1991 meeting of the Paris Club of creditor nations.

Japan had suspended the coverage of trade insurance for Egypt and 13 other countries that have been accorded the preferential treatment under the Paris Club framework.

Among the 14 nations, Egypt will be the first country to start receiving Japan's trade insurance coverage again.

During the brief meeting with mubarak at the Akasaka Palace, or the state guesthouse, Hashimoto also unveiled a plan to assist Egypt in formulating a viable economic policy. Japan's Ministry of International Trade and Industry (MITI) will send a senior official to Cairo this summer in this regard, the officials said.

Masayoshi Amano, director of the safety division at MITI's Environmental Protection and Industrial Location Bureau, will serve as an adviser to Egypt's international cooperation minister, the officials said.

Direct economic advices will be effective for Egypt because those only under the framework of international organizations like the International Monetary Fund are limited, the officials said.

Mubarak Gives Interview

OW1503084595 Tokyo YOMIURI SHIMBUN in Japanese 14 Mar 95 Morning Edition p 4

["Summary" of interview with Egyptian President Muhammad Husni Mubarak by Shigeo Motoike, YOMIURI SHIMBUN foreign news editor, at the Guest House in Akasaka, Tokyo on 13 March]

[FBIS Translated Text] **NPT Issue**

1. Now when Mideast peace talks among parties concerned including Israel are in progress, if Israel does not want to join the nuclear Nonproliferation Treaty (NPT), that does not make sense. We want the Mideast to be completely free of weapons of mass destruction. It does not have to be tomorrow or next year. A basic agreement on Israel promising to join the NPT in next several years should be acceptable.

2. There is a department called the arms reduction group in the Mideast Peace Multinational Talks forum. If Israel refuses to include nuclear arms as a topic to be dealt with in the group's discussions, we cannot but have the suspicion (the country does own nuclear arms). Any country would think "that is strange."

3. If the premise is that peace will be achieved and Israel will join the NPT for sure in the next several years, then an agreement on the procedure assures that it will need to be part of the basic accord.

4. Israel says Iran possesses nuclear arms (and it will not join the NPT to counter Iran), but even if Iran, which seeks to develop its own nuclear arms, is in agreement on having the treaty extended (though for a definite period). Unless Israel takes a clear-cut position, some other countries will come to take after it. That will mean a situation of complete absence of order, and that situation is dangerous for mankind.

5. If Israel does not agree to join the treaty, Egypt intends to make appeals on this to the international community. Egypt has no intention of creating a threat to the world by owning nuclear arms. But our country will continue to insist that Israel must resolve this problem.

6. Egypt will not withdraw from the NPT. We are one of the nations which took part in creating the treaty. The United States says it is confident (about getting the NPT extended indefinitely) but everything depends on voting. The results of the voting will apply to all nations. Our country and the United States have different views, but we will continue our conversation. This is not something that will damage our friendly relations.

7. As far as I am concerned, I assume the treaty will be extended for a definite period of time. According to the provisions of the NPT, the treaty is supposed to be revised every five years, but that actually has not been done in the past. If the treaty becomes extended indefinitely, the nuclear-armed nations will continue to keep their nuclear arms, and the countries which possess nuclear arms but hide this fact from other countries will continue to do just that. If a duration is set, the treaty can be revised at the point when that duration expires, and that should also make it possible to work to get non-participating countries to join it.

Palestinian Peace

1. Israel asserts that the reason for the accord on Palestine's provisional autonomy not being enforced is due to the problems of security and terrorism (caused by Islamic extremists), but the incidents of terrorist acts will double and triple if this state of no progress continues. Whatever the problems may be, the country should proceed to implement the contents of the agreement with strong resolve. If the enforcement of the contents of the agreement is delayed, the people of the group who are against concluding peace will think their campaigns have succeeded. That will be a major danger not only to the Mideast region but to the whole world. I say that because it is possible that Palestine will turn into an international base of terrorism.

2. For instance, that terrorist act in Tel Aviv and the massacre in Hebron were incidents that occurred while under the control of Israel. It does not make sense to blame only Chairman 'Arafat who is responsible for the Palestinian Autonomous District.

3. News reports said Israel and the Palestinian Autonomous Government have agreed to conclude the expansion talks by the end of 1 July. But when I met with Chairman 'Arafat on 11 March, he told me "they are false." When I heard the news on the agreement, I was very pleased. But according to the chairman, that is not true. He did not say anything at the time about it out of consideration for U.S. Secretary of State Warren Christopher, who was touring the Mideast countries.

4. All that happened between Israel and the Palestinian Autonomous Government was that Foreign Minister Shim'on Peres promised 3,000 Palestinian workers would be permitted to enter Israel to work there. As far as the issues of holding elections and redeploying Israeli forces were concerned, the only thing he said was that these things need to be brought up to Prime Minister Yitzhaq Rabin.

5. As long as the peace talks between Israel and Palestine fail to find a way, all other Mideast peace efforts including one between Israel and Syria cannot but be stalled and deadlocked.

Syria-Israel Talks

1. If the Israeli-Palestinian relationship makes progress, Syria will make its move. It may take time, but if the Israeli-Palestinian talks make progress and arrive at a settlement, it will become a reason for Syria to feel easy, and peace between Israel and Syria will be assured.

2. In diplomatic negotiations, all parties have their hidden trump cards. I cannot make a definite declaration on what Israel would do, but my feeling is that some kind of settlement will be reached toward the end of this year. Both Israel and the United States have elections coming up next year, which means that things will become more complicated next year.

Islamic Fundamentalist Extremists

1. Some people say that in the not-too-distant future the world will come to be dominated by Anglo-Saxons, Chinese, and Islamic fundamentalists, but the ones who commit excesses and violence are the Islamic fundamentalists—they have been called criminal groups not much different from the mafia. Such a thing as the world being divided into three groups will never happen.

2. But if the number of power centers in the world grows to five or six, this can be a stabilizing factor. If we get to the point of of having five or six power centers—rather than only two, the United States and the Soviet Union (of the Cold War era)—contending in this world, all the forces will come to be watching one another. People then will be able to live at ease and rest assured that no one power can start a war.

3. Only five tourists have became victims of Islamic fundamentalist extremists since 1992. Most of them died being caught up in unrelated incidents, rather than being targeted for killing. Meanwhile, such terrorist acts have been found to have been subsidized with foreign assistance.

EU Asked To Improve Product Safety Standards

OW1503062795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Mar 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has submitted a request to the EU asking it to improve the product safety control system adopted by the EU. Under the system, which defines standards that apply to machinery and 16 other areas, products that fail to qualify may not be sold in the EU. However, the standards are vague, and confusion is spreading among Japanese firms. MITI plans to push for improvements to the EU's system in line with its letter of request during various regularly scheduled meetings with the EU in the future.

Under the EU's system, products that do not have a "CE mark"—which proves that a product has passed safety standards designated by the European Commission—may not be sold in the EU. The system has already been applied to toys, and machinery became subject to it starting in January 1995. Among other items, electric and electronic appliances and equipment that uses gas will also be added to the list beginning in 1996.

MITI has questioned the following points: 1) The standards are vague, and it is not clear as to whether the standards apply to individual items; and 2) some of the regulations do not present specific safety standards.

For this reason, MITI has requested the EU, among other things, to set up offices where Japanese firms can make inquiries about the EU's system and to designate a grace period regarding areas where standards are still incomplete.

'Mutual Certification System' Recommended

OW1503062895 Tokyo SANKEI SHIMBUN in Japanese 13 Mar 95 Morning Edition p 1

[FBIS Translated Text] As of 12 March, the ruling coalition parties' "Administrative Reform Project Team" (with Kiyoshi Mizuno as chairman) compiled the opinions of the ruling parties in connection with the government's "Five-Year Deregulation Promotion Plan" to be drawn up by the end of the month. The compiled opinion calls for the introduction of a "mutual certification system" under which foreign data may be used in conducting official inspection and licensing procedures.

The basic stance taken by the ruling parties regarding the implementation of deregulation is as follows: 1) To harmonize Japan's domestic standards and certification system with those accepted internationally in order to facilitate foreign businesses' access to Japanese markets; and 2) to clarify inspection and examination standards for permits and other rights, and documents and data required when submitting applications for such; and to expressly state the time required for processing. In this way, the ruling parties are seeking transparency in regulations. Moreover, what is notable is that the ruling parties have spelled out a policy to approve U.S. certification by taking such steps as abolishing quarantine procedures by Japanese inspectors currently required when unloading perishable foodstuffs. The United States has been demanding abolishment of this regulation.

As further points to watch out for in proceeding with deregulation, the ruling parties have stressed, among other things, the need to listen humbly to criticism both at home and abroad against the government's five-year deregulation plan, to modify the plan each fiscal year, and to conduct administrative inspections thoroughly.

The Administrative Reform Project Team plans to submit a report of the ruling parties' compiled opinions to Prime Minister Tomiichi Murayama, Management and Coordination Agency Director General Tsuruo Yamaguchi, and other officials on the evening of 13 March.

Official on Hosting APEC Energy Meeting

OW1503132795 Tokyo KYODO in English 1147 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—Energy experts from member nations of the Asia-Pacific Economic Cooperation (APEC) forum will gather in Japan in mid-April to tackle global energy issues, a Japanese trade ministry official said Wednesday [15 March].

The meeting will be held in Oisomachi, Kanagawa Prefecture, for three days starting April 14, mainly to discuss the effective use of databases in energy fields, said a senior official at the natural resources and energy agency, a unit of the Ministry of International Trade and Industry (MITI).

Prior to the November APEC meeting in Osaka, the group's 18 member nations are required to map out a framework for simultaneously achieving economic growth, security in energy supplies and environmental protection.

The framework, called "the Three E Program," was put forward by MITI chief Ryutaro Hashimoto during last year's APEC session in Indonesia.

The upcoming meeting, to be joined by energy experts from the private sector as well, will mark the first occasion for APEC members to work on the Japanese proposal, the agency official said.

Japan, as the host of this year's APEC session, has already outlined a long-term forecast on the energy supply-demand ties in the Asia-Pacific rim. The forecast will be formalized during the Osaka gathering.

The outlook will focus on several energy consumption models showing the effects of both energy savings and energy waste.

Such models are designed to encourage developing countries, which tend to consume unnecessarily large amounts of energy, to conserve energy from the viewpoints of economic efficiency and environmental concerns.

Results at the three-day meeting will be reported to an APEC working committee on energy, the agency official said.

Energy is one of the APEC topics falling under the category of economic cooperation within the group.

Efforts To Normalize DPRK Ties Reviewed

OW1503050995 Tokyo YOMIURI SHIMBUN in Japanese 13 Mar 95 Morning Edition p 2

[FBIS Translated Text] The "Korean Peninsula Energy Development Organization" (KEDO) was formally inaugurated on 10 March. This international consortium has been established to aid the DPRK in replacing graphite-moderated nuclear reactors with light-water models. A senior Foreign Ministry official said that with the inauguration of KEDO, "Japan, the United States, and South Korea are now ready to negotiate with the DPRK." The government will soon begin efforts to coordinate opinions at home on the provision of funds to KEDO. Depending on developments in negotiations between the United States, KEDO, and the DPRK, the government may be able to open the way to resuming talks with Pyongyang on normalizing diplomatic relations between the two countries, which have been suspended since 1992. On the other hand, however, it will be forced to enter into difficult negotiations at home and abroad.

A Contract for Supplying Light-Water Reactors to the DPRK

The U.S.-DPRK nuclear agreement signed in October calls on Washington to conclude by 21 April a contract with Pyongyang for supplying light-water reactors to that communist country. However, because the DPRK has opposed accepting "South Korean-made light-water reactors," whether the contract will be signed by the deadline depends on whether or not Washington succeeds in persuading Pyongyang to accept ROK models.

Taking an optimistic view, a top Foreign Ministry official said, "Eventually, the DPRK will have to accept South Korean reactors." However, Foreign Minister Yohei Kono and many others expect "twists and turns" in negotiations with the DPRK.

A senior Foreign Ministry official said, "If Pyongyang has apprehensions that the acceptance of ROK reactors and the entry of South Korean workers into that country may affect the DPRK regime, it will not be easy to persuade the DPRK to do so." In the worst case, "negotiations with Pyongyang may break down, and sanctions against the DPRK may be considered." This worst-case scenario cannot be denied. In this case, resuming Japanese-DPRK talks will become very difficult.

Resumption of Japanese-DPRK Negotiations

The Foreign Ministry has had strong expectations that talks with the DPRK will be resumed, in believing that "now that KEDO has been set up, the time is ripe." The ministry also believes that "if Japanese-DPRK talks are resumed, Japan will be able to contribute, through KEDO, to efforts to resolve the issue of the DPRK's suspected development of nuclear weapons." A top ministry official said, "The settlement of the nuclear issue is a prerequisite for normalizing diplomatic ties with the DPRK, but it is not a prerequisite for resuming talks with that country." Based on this stand, the ministry has been prepared to resume talks whenever the DPRK agrees to do so.

The three ruling parties plan to send a mission to the DPRK starting on 16 March. The Foreign Ministry expects that during the visit, an agreement will be reached to abandon the 1990 three-party declaration by the Liberal Democratic Party, the Social Democratic Party of Japan, and the Workers Party of Korea, which calls on Japan to pay "war compensation," and that the accord will give a "last push" to resume Japanese-DPRK talks.

Financial Burden

The New Frontier Party has shown disapproval of the idea of Japan assuming the financial burden for supplying the DPRK with light-water reactors without resolving the nuclear issue.

The government did not obtain the Diet's approval to sign the agreements on inaugurating KEDO and on KEDO's operating funds, in considering that they were just "administrative accords." However, Japan's share of the financial cost for the DPRK aid program is estimated at about 100 billion yen. It will take many years for the government to pay this amount. If this is the case, the government then should have obtained the Diet's approval, based on the principle established in 1974 by former Foreign Minister Masayoshi Ohira. It is certain that this will arouse controversy.

Mongolia Granted 1.05 Billion Yen Aid Package

OW1403050295 Tokyo KYODO in English 0315 GMT 14 Mar 95

[FBIS Transcribed Text] Tokyo, March &KYODO—Japan will give Mongolia up to 1.05 billion yen in grant-in-aid to help the country improve its public transport, the Foreign Ministry said Tuesday [14 March].

Japanese and Mongolian Government officials exchanged notes on the Japanese aid in the Mongolian capital of Ulaanbaatar earlier in the day, the ministry said.

The aid will be used to purchase large buses, which are seriously lacking in Mongolia, and improve public transport in Ulaanbaatar, it said.

The aid brought the total amount of Japanese grant-in-aid in fiscal 1994, which ends this month, to 5.83 billion yen.

New Principles Recommended for ODA

952A0391A Tokyo EKONOMISUTO in Japanese 24 Jan 95 pp 59-61

[Article by Haruhiko Kuroda, Finance Ministry councilor: "I Firmly Refute the Argument that 'Foreign Aid Will Decline'"]

[FBIS Translated Excerpts] *Foreign aid was also a product of the international politics of the U.S.-Soviet rivalry which divided the world into two. The end of the Cold War deprived foreign aid of political luster. Establishment of a new "idea of aid" is needed.*

At one time foreign aid for the purpose of development was a very popular topic even in advanced countries; however, with the end of the Cold War, it is quickly losing its popularity. A number of advanced countries, and the United States in particular, have, in recent years, begun reducing official development assistance (ODA) to developing countries, and I think this kind of trend will also continue for some time in the future.

It may be said that this kind of sudden change of policy concerning foreign aid was both rational and unavoidable because it is judged that at least one part of aid to developing countries was being carried out for the purpose of that the developing country not become Socialist, and now the possibility of Socialist revolution is virtually nonexistent.

However, I think that aid to developing countries has an important role in the period after the Cold War, and that it should go on increasing in amount in the future as well. Before discussing why that is so, let us take a look at the history of foreign aid.

A Brief History of Foreign Aid [passage omitted]

In 1980 the "Third Decade of United Nations Development" was established, but it failed to attract much interest. That was because the two oil shocks had scored direct hits on the economies of advanced countries, and "assistance fatigue" enveloped advanced countries, the United States in particular. The advent of the debt problem, which began with Mexico's default on its debt in 1982, greatly changed development strategy again. A major shift was seen from project loans to structural-adjustment loans and program loans, and the IMF and the World Bank came to play an important role in the solution of the debt problem.

As the 1980's progressed, the East Asian nations achieved economic development in succession, the "four tigers," the ASEAN countries, and China, and it became clear that they clearly formed a group within developing countries. These countries had a close relationship with Japan in trade, investment, and assistance, and it can be said that among developing countries they became the first examples of success in full-fledged development after the World War II.

In 1989 the Berlin Wall collapsed, and the Cold War system announced its end. The political and economic situation surrounding foreign aid changed completely.

Five Types of Mistaken Logic

To Francis Fukuyama, the end of the Cold War meant "the end of history," but among politicians and administrative officials of advanced countries, there are some who think that it means "the end of the history of foreign aid."

Of course, there aren't many who would brutally say such things as "the Cold War has ended and the strategic value of developing countries has declined, so we should reduce aid." Rather, in most cases they justify reduction of official development assistance by developing all sorts of arguments which are, themselves, not necessarily mistaken. We can probably put them into the five categories: 1) the graduation argument, 2) the private-sector-funds argument, 3) the environment argument, 4) the human rights argument, and 5) the poverty-reduction argument.

First, the "graduation argument" holds that such East Asian countries as China have developed sufficiently, so it is not necessary to assist them beyond this. To be sure, the "four tigers" have graduated from being developing countries, and in the future countries which graduate may also appear from among the ASEAN countries. But China, for example, has a large population of poor even now, and other East Asian countries are also suffering from a lack of basic infrastructure. If we add to this the countries of South Asia, the Middle East, Africa, and Latin America, it will probably be clear that this argument cannot constitute grounds for reducing development assistance.

Second, the "private-sector-funds argument" is related to the "graduation argument" and holds that now is a time when a large volume of private-sector funds flows not only into Latin America and China, but even into India, so the role of official funds has become smaller. But in many developing countries, there is virtually no influx of private-sector funds, and even in the countries into which such funds have flowed, it is difficult to expect an influx of private-sector funds in the basic infrastructure and the social sector. It is true that a part of official funds to developing countries are being replaced because of development of the international capital market, but such official funds as ODA have not ceased to be important; rather, they are also necessary in the sense of encouraging an influx of private-sector funds.

Third, the argument that protection of the environment is also important in developing countries is totally correct. But to criticize development aid by this "environment argument," which opposes development from the viewpoint of environmental protection, is mistaken in a double sense. That is, in order for developing countries to protect the environment in the best way, along with healthy economic development being indispensible, funds and technical assistance from advanced countries are necessary. In that sense, it is regrettable that it appears as though while devoting part of NGO (nongovernmental organization) to the correct goal of protecting the environment, in terms of the result, it reduces development assistance and, rather, has been running counter to improvement of the environment. One can probably say that it is important to make environment and development coexist.

Fourth, human rights have sublime value and must be respected in developing countries, too, in the same way as in developed countries, but one cannot reduce aid on the grounds of the "human rights argument." Of course it is probably possible that aid be halted as a sanction in regard to extreme suppression of human rights. But, generally speaking, promoting development through aid is thought to lead, over the long term, to respect for human rights. Consequently, if one speaks of respect for human rights, even if an increase in aid for all sorts of social development and economic development becomes necessary, its reduction will never be justified.

Fifth, the "poverty-reduction argument" is something which holds that, rather than promoting growth by improvement of economic infrastructures, we should make the goal of development an attempt to reduce poverty by improving social sectors such as population, medical treatment, and education. This argument has become very popular in recent years and is not necessarily a mistake if one does not overemphasize it. But in reality, it is extremely emphasized, and while it delays solution of the problem of poverty through neglecting preparation of the economic infrastructure which is indispensible to growth, it is used to justify only trifling social programs which take time and assistance but do not require much money. The correct approach is probably to make a reasonable balance between preparation of infrastructure and social-sector improvement and expand assistance to both.

Public Opinion Support Is Indispensable

In the post-Cold War world, it is unavoidable that the goal and content of foreign aid will be reexamined, but I think the importance of aid will not decline. There are two reasons for that.

One is a rather selfish reason. In a global era, advanced countries and developing countries are linked together in both economic and environmental aspects, so without "environmentally sustainable development" in developing countries, "environmentally sustainable growth" in advanced countries is also impossible. The peace and security of the people of advanced countries can only be built on amicable relations with developing countries. In short, the Cold War has ended, but because of increased interdependence in the aspects of economy, environment, and security, the strategic importance of developing countries did not decrease.

The other is a humanitarian reason, and it does not require a long explanation. It is because the people of advanced countries sympathize with the unfortunate people of developing countries and sincerely wish for the development of developing countries.

Now, let us consider future development assistance in concrete terms. First, I would like to point out at the beginning that the first priority of development assistance in the future should be placed on preparation of various kinds of infrastructure. Even in East Asian and Latin American economies that are currently very sound, there is danger that a lack of infrastructure will limit future economic growth. Even if part of infrastructure investment is done by private-sector funds, most will depend on official funds. Further, there are cases in which, in some of the poorest countries, social services that connect directly to life are more important, but I think its importance will go on gradually declining.

Next, in regard to the "effectiveness of aid," which is recently being emphasized, I think it is reasonable so long as it is not used as an excuse for reducing aid. Inefficient assistance is not only a waste of money, it causes advanced counties to lose the will to assist. Therefore, taking into account respect for the independence of the country which is aided, we should increase effectiveness by all sorts of measures.

The most important thing in the future will probably be to have the people of advanced countries be convinced that aid has the effect of bringing about economic growth and a higher standard of living in developing countries, or the support of the people of advanced countries for aid to developing countries will be lost. On this point one can probably say it is fortunate that in recent years the countries of East Asia, which are the main ones that Japan assists, have developed greatly and are working to maintain the Japanese people's support for aid.

As an advanced country, it is hoped that in the future Japan will ensure public support for aid by further increasing the effectiveness of development assistance and will also go on increasing its volume.

BOJ Cautious About Monetary Policy Changes

OW1503131695 Tokyo KYODO in English 1148 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—The head of the Bank of Japan (BOJ) indicated Wednesday [15 March] the central bank is cautious about changes in its monetary policy, including a cut in the official discount rate.

The central bank will "carefully check its monetary policy for the present while maintaining the current tone of credit easiness," Yasuo Matsushita said.

The BOJ governor was answering a question about measures to cope with the yen's appreciation during a budget committee session in the House of Councillors.

Igarashi on Government Loan, Investment System

OW1503063095 Tokyo KYODO in English 0418 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—The government should review its loans and investment system as a major step toward streamlining publicly funded financial institutions, a government spokesman said Wednesday [15 March].

"We should dise shoulcuss the matter further by setting up a necessary body," Chief Cabinet Secretary Kozo Igarashi said at a news conference, noting the need for further administrative reform efforts.

But Igarashi did not elaborate on when such a panel will be established or how the matter will be weighed.

The government's loans and investment system, which is based on postal savings and other public funds, is run largely through such government-affiliated financial institutions as the Export-Import Bank of Japan and the Japan Development Bank.

Igarashi made the remarks following Tuesday's decision by the government and the ruling coalition parties to merge the Ex-Im Bank of Japan and the Overseas Economic Cooperation Fund (OECF) into a single entity in 1999.

"This is not the end of administrative reform. Discussion will continue, particularly on the handling of government-backed financial lenders," he said.

The planned integration will eventually produce significant effects in cutting government expenses as expected, he said.

He also cited the need to seek international understanding of the creation of an immensely large-scale lending agency as a result of the merger.

The accord between the government and the ruling coalition says a clear line should be drawn between accounts for official and nonofficial development assistance and calls for establishing an efficient system to contribute to international society.

The Ex-Im Bank and the OECF, which have 550 and 330 employees, respectively, take charge of the bulk of Japan's overseas assistance projects.

Their integration was set for four years from now in part to allow plenty of time to seek international understanding, Igarashi said.

MOF Reports Improvement in Corporate Earnings

OW1503091895 Tokyo KYODO in English 0813 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—Japanese corporate earnings improved further in the October-December quarter with profits increasing from a year earlier for the second straight quarter, the Ministry of Finance [MOF] said in a report released Wednesday [15 March].

Recovering sales and corporate restructuring efforts have resulted in the continued growth of profits, a ministry official said.

The quarterly survey of corporate activities showed that manufacturers posted the third consecutive quarter of year-on-year rises in sales for the October-December period, gaining 5.2 percent, while nonmanufacturers marked the fourth straight quarter of higher sales, rising 6.1 percent from a year before.

Combined sales increased 5.8 percent from a year earlier, posting the fourth straight quarter of yearly gains.

Companies' pretax profits grew for the second successive quarter, rising 37.8 percent from a year before, with those of manufacturers up 54.3 percent and nonmanufacturers up 24.8 percent.

Judging from these figures, Japan's economy is continuing on a moderate recovery path, the official said, as the seemingly strong improvement in profits resulted from recovery from quite low levels.

Corporate capital spending fell 4.7 percent from a year before, marking the 12th straight quarter of yearly declines, with that of manufacturers down 11 percent and nonmanufacturers down 1.7 percent.

The fall in combined capital investment, however, has become smaller, compared with declines of 9.5 percent in the July-September quarter and 16.8 percent in the April-June period.

The survey covered 23,918 sample companies capitalized at 10 million yen or more, excluding financial institutions and insurance companies. Respondents came to 19,818 firms, or 82.9 percent. The ministry uses the sample respondents to estimate figures for 646,097 companies.

On an industry basis, steelmakers marked pretax profits for the first time in seven quarters on 6.7 percent higher sales, which turned to the plus column for the first time in 14 quarters, the official said.

Pretax profits of electric machinery makers jumped 179.2 percent on 8.0 percent higher sales, and those of transport machinery makers also increased sharply by 146 percent on 2.8 percent higher sales.

Service firms also enjoyed a substantial growth in their pretax profits, up 145.8 percent on 18.2 percent higher sales, helped by active leasing businesses, the official said.

In contrast, the real estate sector posted pretax losses for the second consecutive quarter, as their sales edged down 0.8 percent.

Expert Views Quake Reconstruction, Economy

OW1503122395 Tokyo EKONOMISUTO in Japanese 7 Mar 95 pp 26-30

[Article by Takahiro Miyao, professor of economics at Tsukuba University: "The Great Hanshin Earthquake Will Not Bring About a Reconstruction Boom"]

[FBIS Translated Text] The amount of economic damage caused by the great Hanshin earthquake keeps on increasing, although replacement work on physical damage is under way. In addition to the micro-economic damage to firms and individuals, the earthquake also had a negative macro-economic impact. It brought about a fall in asset values, an increase in bankruptcies and unemployment, and a paralysis of the distribution network. As a result, consumption and exports fell considerably. Not only the Hanshin area but also the entire national economy was affected by the earthquake-related damage. There is no prospect of a reconstruction boom. On the contrary, there is a great possibility that the recent economic recovery trend might be curbed again. It is of urgent necessity for Japan not only to rebuild the earthquake-devastated area but to restore the overall national economy.

There is a famous economic stimulus measure advocated by J. Keynes: "Mobilize the unemployed to dig holes to fill in." The point is that even if it is a useless job, it helps recover the national economy as long as the general demand is boosted thanks to government spending.

Many think tanks affiliated with banks or securities companies predicted that the Japanese economy would be boosted by a reconstruction boom, because they applied Keynes's theory when assessing the impact of the earthquake. That was a mistake.

Japanese Think Tanks Just Followed in the Wake of J.P. Morgan

I know that Japanese think tanks customarily have a strong tendency to fall into step with one another. However, I really find it hard to understand that they have all reached a similar conclusion that reconstruction demand will boost Japan's economy in fiscal 1995. Given the scope of the disaster, reconstruction work cannot be completed so rapidly, because of the far-reaching effect of the damage. Judging from common sense, there is a good possibility that Japan's economic growth might be checked for quite a long period of time. Despite that, Japanese think tanks have, from the very beginning, completely excluded the possibility that the earthquake may have a serious negative economic impact.

It seems that the misjudgment was triggered by the rapid estimate released by the Tokyo office of J.P. Morgan a day after the earthquake. J.P. Morgan estimated overall damage at 4.5 to 6 trillion yen and predicted that the boost to GDP would be 1.5 percent over the period of reconstruction. Most Japanese think tanks followed in the wake of J.P. Morgan. Their estimates were extensively carried by all media. Other research institutes and economists also followed suit, advancing a similar argument that a reconstruction boom would soon arise.

Later, it became clear that J.P. Morgan's estimate was based on a report compiled by the U.S. Department of Commerce, which mentioned that the U.S. real economic growth rate had raised over the period of reconstruction after the Los Angeles earthquake. J.P. Morgan mechanically applied the conclusion of this report when assessing the damage of the great Hanshin earthquake, although the circumstances in the two countries were completely different.

Moreover, the director of J.P. Morgan's research division was quoted, in the 23 January morning edition of NIHON KEIZAI SHIMBUN, as saying, "The negative economic impact will persist in January and February, but it is not likely to drag on until March." He dared to say this, based on an unrealistic hypothesis that the rebuilding of private houses would be faster in Kobe than it was in Los Angeles.

If J.P. Morgan was right, share prices should have rose considerably on the Japanese market by anticipating the positive economic impact of the earthquake. However the reverse was the case: the Nikkei Stock Average nose-dived on 23 January. Since then, the Tokyo stock market has remained bearish, although share prices surged momentarily when investors rushed to purchase shares in construction issues, in the expectation of a reconstruction boom. The loss caused by the post-earthquake decline in share prices has already exceeded the amount of physical damage caused by the earthquake.

The overall destruction toll increased day by day. According to the latest official estimate released by Hyogo Prefecture and the National Land Agency, total damage amounted to nearly 10 trillion yen. Private think tanks also revised their estimates upward. They now say that the damage could be 7 to 10 trillion yen. However, most think tanks still believe that replacement demand will exceed this amount and boost Japan's real economic growth in fiscal 1995.

Although some people have been pointing out the possibility of a recession caused by a far-reaching negative economic impact of the earthquake, their warning was drowned out because Japanese mass media played up the optimistic view that the earthquake will bring about a reconstruction boom. Shortly after the earthquake, the chairman of the Japan Chamber of Commerce and Industry stressed that the reconstruction program worked out by the Government was far from adequate, estimating that the total damage, including the loss caused by the fall in share prices, would reach 40 trillion yen. His remark was reported by the press, but this was an exceptional case.

Think Tanks Are Underestimating Economic Losses

The great Hanshin earthquake that struck such an important urban center not only made holes that just need to be filled in—it also caused great loss of life; it destroyed private homes, which form the basis of people's living; it reduced economic stock, such as equipment and facilities, which yields goods and money; and it damaged the infrastructure, which is essential for socioeconomic activities. Japanese people should understand that the great Hanshin earthquake has both direct and indirect negative effects that may considerably depress the entire national economy.

Despite that, most think tanks estimated that the earthquake-related damage would be limited to such direct consequences as the reduction in economic stock and the decline in industrial output. The negative effect of these direct consequences was neglected or underestimated in their reports. Think tanks included all direct and indirect positive effects in their calculation, while giving little consideration to the negative effect of such factors as the decline in asset values, the increase in unemployment and bankruptcies, and the paralysis of the distribution network. Their estimates had the following problems.

1) Concerning the earthquake's impact on economic stock, the amount of earthquake-related economic damage was underestimated in their reports, because think tanks were content to estimate only the direct physical damage to the existing economic stock.

For instance, the economic damage is not limited to some 150,000 homes that were totally or half destroyed by the earthquake. Partially damaged or burnt homes, which account for more than twice the above-mentioned figure, also incurred heavy losses. Moreover, undamaged sections also suffered losses, because of a decline in house and land prices caused by a decrease in demand. The earthquake-related decline in share prices and financial asset prices should also be included in the calculation. The loss caused by the post-earthquake decline in share prices has reached 20 trillion yen.

2) Concerning the impact on economic flow, think tanks took into consideration only the reduction in industrial output, because they attached greater importance to the supply side. The demand side should not be neglected. Such factors as the fall in private consumption and corporate spending, as well as the decrease in exports, should also be included in the calculation.

For instance, people who lost their homes in the earthquake still have to pay their home-purchase loans. Consequently, they will have to exercise rigid economy in their living expenses. Some small- and medium-size companies will be forced to dismiss their employees, as they will no longer be able to continue business. Therefore, private consumption and corporate spending are expected to decrease considerably.

Moreover, the damage to transportation and distribution networks has a negative impact, not only on the supply side but also on the demand side, because it restricts individual and corporate activities. In particular, the devastation of the Kobe port has become an extremely serious problem. Japan's exports, which highly depend on large-scale containerships, have decreased sharply since the earthquake. The recent economic recovery trend may be affected by a possible decline in overall demand caused by a decrease in exports.

3) Think tanks failed to foresee that the direct negative economic consequences of the earthquake will have a secondary effect and a tertiary effect on the national economy. The damage to stock and flow will certainly bring about a further decline in asset prices and corporate earnings, as well as a further increase in unemployment and bankruptcies.

Unemployment has already become an urgent question in the devastated area, because the declines in output and income have brought about a further fall in asset prices and corporate earnings. The reality that this problem has also begun to affect Japan's entire economic activities is becoming more clear day by day. There is a possibility of such indirect negative effects spreading in the near future. Predicting a construction boom without taking these indirect negative effects into consideration is sheer nonsense. As the recent nose-dive of share prices shows, the market reacts sharply against such forecasts.

Japanese Economists Repeat the Same Mistake in Their Economic Forecasts

A proverb says, "The wise learn from history, while the foolish learn from experience." Unfortunately, Japanese people who prepare economic forecasts are unable to even learn from experience. During the past five years, many economists made the same mistake by underestimating the economic effect of a sharp decline in stock values, while overestimating the recovery in private consumption and corporate spending. In other words, when share and land prices fell sharply in the early 1990's, most economists could not foresee that this crash would immediately have a serious negative impact on the national economy.

However, it was not long before the public found that this crash had brought about 1,000 trillion yen's worth of loss in asset values, while it had no effect on liabilities and interest payments. The consequence was that the Japanese economy was confronted with the problem of "asset deflation." At that time, other G-7 countries, which had already been suffering from the same problem, were hard hit by the global recession. Therefore, the public gradually began to realize that asset deflation would have a long- term negative economic effect in Japan as well.

However, most economists working for government agencies or private companies continued to rely on conventional economic forecasts that focus on economic flow, and to advocate the business cycle theory that capital investment and spending would immediately pick up once the national economy finished going through the process of adjustment.

It is a matter of common knowledge that the government was not only late in adopting economic stimulus measures, but also missed the timing to implement anti-asset-deflation measures, because government officials were misguided by these wrong economic forecasts. Therefore, it is not too much to say that there are still no signs of strong economic recovery in Japan, simply because Japanese economists had formulated wrong economic forecasts, by misjudging the influence of a heavy decline in economic stock. Once again, most economists repeated the same mistake when assessing the effect of the damage caused by the great Hanshin earthquake.

If they had learned from past experience, and if they had realized how strong the negative economic effect of an unexpected sudden fall in asset prices is, they would probably have understood that the earthquake had, in fact, plunged Japan into a serious crisis by affecting the overall economy, which is still suffering from the aftereffects of asset deflation.

The Japanese economy has been harassed both from within and without during the past few years. Domestically, it has been confronted with the problem of bad loans, while internationally, it has been menaced by a hollowing out of the Japanese industry. It was under such circumstances that the Hanshin area, which is an important stock and flow center, was devastated by Japan's biggest natural disaster in postwar history. Japan's entire economy has now been plunged into a critical situation.

Potential Problems of Transitional Period—From Emergency Reconstruction Project Phase to That of Longer-Term

Replacement work is now progressing rapidly in the stricken area. The government relief measures aimed at funding these emergency activities have finally begun to take shape. The government just passed a second supplementary budget bill for fiscal 1994, which is aimed at funding urgent reconstruction. It also decided to implement such measures as providing low-interest loans to quake-hit small enterprises. The government emergency reconstruction program reached 3 trillion yen in total. However, opinion is divided on how to finance and promote longer-term reconstruction projects. The following points are at issue.

First, some people argue that it is meaningless to restore Kobe to its original state by adopting a rough-and-ready method; rather it would be better to build a future-oriented new model city, even though it would mean spending much more money and time. Such opinions are specifically advanced by those who deal with the prevention of disasters, those who aim at promoting the development of new industries, and those who count on replacement demand. The problem is that it takes too much time to realize such a reconstruction program.

Implementing a future-oriented city plan in Kobe is only acceptable if it does not obstruct the ongoing emergency reconstruction activities. However, if urgent reconstruction projects were to be delayed in the cause of building an ideal city, the negative effect of the earthquake would expand quickly in the meantime and become uncontrollable. Therefore, reconstruction work that can be done easily should be first finished quickly, in a bid to minimize the negative effect of the earthquake-related damage. That would be the best solution. It may safely be said that the construction of an ideal city does not have to be limited to the earthquake-devastated area. It would be better to look for another place where an ideal city can be built more efficiently by using the same amount of money.

Second, more people share the same opinion that the government should endeavor to transfer earthquake victims to another place for safety, while restricting private rights and supervising land transactions. However, tighter control does nothing but impede ongoing reconstruction work and further aggravate the situation in Kobe, which is still in a state of disorder.

The reality is that earthquake victims would never agree to move to another place once the government decides to restrict their ownership. Moreover, even if the Government wants to regulate post-quake construction activities without obtaining the approval of concerned residents, such a measure would only obstruct the construction of urgently needed private houses or the construction of office buildings, which lead to an increase in employment.

Meanwhile, designating the devastated area as a "district where land transactions are subject to administrative supervision" is totally out of the question. It is meaningless to tighten control in an area where there is a possibility of a sharp decline in land prices following a decrease in land transactions. What is necessary in order to promote reconstruction activities is to ease or remove regulations.

Third, some people say that the consumption tax should promptly be raised in order to secure sufficient funding resources before the public becomes less interested in the great Hanshin earthquake. This opinion is advanced by those who are against an additional issuance of deficit-covering bonds. The problem is that the national economy has not recovered enough to stand a tax increase. On the contrary, a further reduction in income taxes is needed, since the current economic recovery trend may be considerably affected by the earthquake's negative impact.

At a matter of course, if a tax revenue increase is not possible, the government will have to issue additional construction and deficit-covering bonds in order to cover the cost of reconstruction projects. In an emergency like this, which happens only once in several decades or several centuries, it is quite normal to fund longer-term reconstruction projects by issuing national bonds. The only concern is that the issuance of additional national bonds may lead to an increase in interest rates. Since Japan's economy is rather on a deflationary trend, it cannot stand an increase in nominal interest rates. Therefore, the Bank of Japan will have to adopt an easy-money policy, to check a possible rise in interest rates caused by the issuance of additional bonds.

It is, in effect, very difficult to properly estimate the overall economic damage caused by such an unimaginable earthquake at this stage. Total damage is likely to amount to tens of trillions of yen, including direct losses, such as physical damage to private assets and public facilities, and indirect losses, such as declines in share and land prices. No matter how hard all Japanese people may work, it is very difficult to make up for such a huge loss in a short period of time. It is needless to say that it is an impossibility to cover the loss by investing a huge amount of money in reconstruction and to give rise to a reconstruction boom at the same time.

Even if a huge amount of money, exceeding that of damage, is invested in reconstruction, just as most think tanks expect, reconstruction work will probably not progress smoothly as scheduled because various problems will certainly arise. The outcome is that the national economy may further be affected by the effect of a possible tax increase aimed at securing sufficient funding resources and a possible rise in interest rates. Granting that the quake-torn area is rebuilt and becomes better than ever thanks to huge investment, this may overburden Japan's economy.

Creation of a New Headquarters for Rebuilding the National Economy

There are two things that have to be done immediately. First, urgent reconstruction work should be completed as soon as possible, in order to prevent the spread of the earthquake's negative economic impact. Earthquake victims will be in difficult circumstances, while more people will fall out of employment and more companies will go into bankruptcy with the passage of time. The negative economic effect will expand, bringing about a further hollowing out of Japanese industry. Therefore, it is particularly necessary to implement prompt measures aimed at preventing small local enterprises from going into bankruptcy, and at securing employment. At the same time, transportation facilities should also be restored rapidly; otherwise eastern Japan will remain divided from western Japan. Since Japan's exports have been considerably affected by the destruction of the Kobe port, it is also of urgent necessity to reconstruct port facilities.

Second, the government should promptly implement measures aimed at reviving the national economy. In fact, what should be rebuilt is not only the devastated area but the entire economy. In the early 1990's, Japan's economy suffered a loss in asset values worth 1,000 trillion yen, which is a dozen times the amount of earthquake-related damage. The recent recovery trend remained weak because of the aftereffect of asset deflation. Rehabilitation of the national economy should be given top priority. The government should first strive to cope with asset deflation, which is becoming increasingly serious, and to carry out industrial rehabilitation measures aimed at improving Japan's international competitiveness and preventing the deindustrialization of Japan.

Instead of creating a new headquarters or committee to support reconstruction projects in the quake-hit area, the government should rather set up a new headquarters for rehabilitation of the national economy, and think about establishing a new organization, similar to the U.S. Committee for Industrial Competitiveness, whose duty is to work out measures aimed at recovering the competitiveness of U.S. major industries.

The rebuilding of the Hanshin area itself looks very difficult. The shortest way to realize it is to revive the national economy. A reconstruction boom will arise only when the national economy and the devastated Hanshin area are completely restored.

Budget Vote Scheduled for 22 Mar

OW1403144995 Tokyo KYODO in English 1431 GMT 14 Mar 95

[FBIS Transcribed Text] Tokyo, March 14 KYODO—The 70.99 trillion yen government budget plan for fiscal 1995 starting April is likely to be enacted on March 22 as an opposition bloc in the House of Councillors has agreed with the ruling parties to take a vote that day, Diet sources said Tuesday [14 March].

If the bill passes, the finalization of the fiscal budget will be the earliest during the postwar period, earlier than the March 27 finalizations of both the fiscal 1952 and 1956 budgets.

Heiseikai, an upper house parliamentary bloc including the largest opposition party Shinshinto (New Frontier Party) gave notice at Tuesday's upper house steering committee that it would agree to a vote on the budget proposal at the chamber's plenary session on March 22 as proposed by the ruling coalition parties, they said.

The opposition group apparently agreed to the coalition's proposal for the upper house vote after taking into consideration such urgent issues as the rebuilding of areas devastated by the Jan. 17 great Hanshin earthquake and the yen's recent sharp rise.

Heiseikai also had in mind the April nationwide local elections, they said.

The budget plan cleared the plenary session of the House of Representatives on Feb. 27.

Top Leaders on Budget, Other Economic Issues

OW1403043595 Tokyo KYODO in English 0400 GMT 14 Mar 95

[FBIS Transcribed Text] Tokyo, March 14 KYODO—Prime Minister Tomiichi Murayama indicated Tuesday [14 March] his government will incorporate measures to protect smaller industries from effects of the strong yen in a fiscal 1995 supplementary budget.

Murayama told the House of Councillors Budget Committee that the government will take drastic measures to assist reconstruction of the region devastated by the Jan. 17 great Hanshin earthquake and to deal with the yen's surge, as soon as the Diet approves the full budget for fiscal 1995.

The extra budget is scheduled to be compiled after the full budget passes the Diet.

Finance Minister Masayoshi Takemura, appearing before the same committee, suggested a cut in the official discount rate by the Bank of Japan as an option for dealing with the turmoil on the foreign exchange market.

He said the government recognizes a revision in monetary policies by the central bank as an "important question at this time."

Takemura also said Japan will join other countries in coordinated intervention on the foreign exchange market to calm the currency turmoil.

But he expressed caution about a proposal to hold a meeting of financial officials from the Group of Seven (G-7) industrial nations to discuss ways of stabilizing the market.

If such a meeting were to fail to accomplish concrete results, the turmoil on the foreign exchange market would worsen, Takemura said.

Poll: Support for Murayama Cabinet Declines

OW1503092995 Tokyo KYODO in English 0903 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—The number of Japanese supporting the cabinet of Prime

Minister Tomiichi Murayama were outnumbered by opponents, while the number of those backing no particular party reached a new high, according to a poll conducted by KYODO NEWS SERVICE.

The poll, conducted last Saturday [11 March] and Sunday, showed an approval rating of 44.0 percent, while the disapproval rating was 47.2 percent.

In a previous KYODO survey last December, the approval rate topped the disapproval rate at 47.7 percent to 40.8 percent.

The coalition government had more supporters than opponents in all past KYODO surveys except one in July last year, conducted shortly after the inauguration of the Murayama cabinet at the end of June.

A separate poll, published Wednesday by the national daily MAINICHI SHIMBUN, showed 27 percent of pollees supported the cabinet, with 34 percent against.

It was the first time in MAINICHI polls that the 8-month-old government had more opponents than supporters, the newspaper said.

The results of the KYODO poll were based on nationwide interviews with 3,000 eligible voters aged 20 or older, of whom 1,966 or 65.5 percent responded.

Among the people who did not support the cabinet, 37.0 percent cited a lack of leadership by Murayama, showing a sharp increase from 20.7 percent in the previous poll.

Even among those in favor of the cabinet, 38.9 percent said they support the cabinet because there is no other suitable person than Murayama, outnumbering any other positive reason.

Political analysts said the increase in the disapproval rate probably reflects criticism of the premier's handling of the recent issues, such as the great Hanshin earthquake, restructuring of government-affiliated corporations and the surge of the yen against the dollar.

The secretary general of the Liberal Democratic Party (LDP), Yoshiro Mori, admitted that the government's slow response to the Jan. 17 earthquake was the main reason for the increase in the disapproval rate. The LDP is a coalition partner of the Murayama cabinet.

The poll also showed 33.2 percent of respondents answering that they do not support any party.

The rate surpassed the previous high of 31.3 percent in past KYODO surveys, marked in October 1973 when the late Kakuei Tanaka headed an LDP government.

Women in their 30s, and men in their 20s and 40s were the groups which had most people who do not support any party.

Only the LDP in the three-party coalition succeeded in expanding voter support to 31.0 percent from the previous 28.9 percent.

The support rate for Murayama's Social Democratic Party [of Japan] (SDP) dropped to 9.5 percent from 10.8 percent, while New Party Sakigake's [Harbinger's] support fell to 3.0 percent from 3.9 percent.

The opposition Shinshinto (New Frontier Party) suffered a sharp decrease in its support rate at 14.3 percent from the previous 20.7 percent.

Coalition Seeks New Agreement With Pyongyang

OW1503143795 Tokyo KYODO in English 1327 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—The ruling three-party coalition is seeking a new joint declaration with the ruling party of North Korea when a planned joint coalition mission visits Pyongyang to try to break a deadlock in normalization talks, coalition sources said Wednesday [15 March].

Wataru Kubo, secretary general of the Social Democratic Party [of Japan] (SDP) [SDPJ], said in an interview with KYODO NEWS SERVICE that the coalition plans to draft and sign a new declaration to replace one signed in 1990 by the Liberal Democratic Party (LDP), the SDPJ and the Workers Party of Korea.

A senior LDP official said a document will be issued when a coalition mission visits North Korea.

LDP Secretary General Yoshiro Mori urged Kubo on Wednesday to send a joint coalition mission to North Korea next week, party officials said.

The LDP originally proposed sending a mission from the ruling coalition of the LDP, the SDPJ and New Party Sakigake [Harbinger] to North Korea for three days starting Thursday.

However, the LDP postponed the mission after it failed to persuade the SDPJ to join the team.

The SDPJ has shown reluctance to accept the LDP's plan, saying that before sending the mission it is necessary to confirm North Korea's attitude to the 1990 joint declaration.

The 1990 declaration called on Japan to apologize for its 1910-1945 colonial rule of the peninsula and pay North Korea compensation for its actions at that time "and for losses inflicted on the Korean people in the ensuing 45 years since the war."

In a related development, LDP's Mori told South Korean Ambassador to Japan Kim Dae-zhee on Wednesday that the purpose of the mission is to lay the groundwork for Japan and North Korea to resume bilateral talks to normalize diplomatic relations.

Mori said he hopes the planned mission can also contribute to better relations between Seoul and Pyongyang.

The two countries began talks on normalizing diplomatic ties in January 1991, but they broke down in November

1992 when Pyongyang rejected Tokyo's demand for information about a Japanese woman allegedly abducted from Japan by North Korean agents.

SDPJ Rejects LDP Action on DPRK Visit

OW1503055295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Mar 95 Morning Edition p 2

[FBIS Translated Text] On 13 March, the Social Democratic Party of Japan [SDPJ] decided not to join a ruling coalition party delegation scheduled to visit the DPRK (North Korea) because it has been offended by behind-the-scenes negotiations concerning the visit, which the Liberal Democratic Party [LDP] has conducted with the Korean Worker's Party [KWP]. The official reason the SDPJ has given for its decision is the uncertainty regarding how the triparty joint declaration drawn up in 1990 by the LDP, SDPJ, and KWP would be treated during the planned Japanese delegation's visit to North Korea. Actually, however, there seems more truth in the fact the SDPJ, which has had a long-standing relationship with the KWP, feels humiliated as negotiations over the planned delegation visit proceeded behind its back.

However, Japan has already received an official letter of invitation from the DPRK, and the government has welcomed it. Therefore, the SDPJ decision will inevitably be criticized both at home and abroad. It may be said that here, the SDPJ has decided to raise the stakes. Already, in some quarters of the LDP in particular, voices of dissatisfaction have been raised, saying: "Just because the SDPJ has decided not to go does not mean we should call it off" (as stated by a top LDP official). Thus, it seems this could lead to serious consequences regarding future relations among the ruling coalition parties.

On 13 March, ruling coalition party whips held a meeting regarding the issue of sending a delegation to North Korea. In addressing SDPJ Secretary General Wataru Kubo, acting Secretary General of Sakigake [Harbinger] Yukio Hatoyama, and other officials, LDP Secretary General Yoshiro Mori requested: "We would like you to select delegation members, bearing in mind they should be sent off on 16 March."

In response, Kubo and senior SDPJ officials discussed the matter. In the course of their discussions, various questions came to light regarding the triparty joint declaration. Among these questions were: "Whether the triparty joint declaration would be given different significance as it is not to be taken up during the delegation's visit to North Korea"; and "Whether the LDP has contacted North Korea through official channels as negotiating channels between the LDP and North Korea are unclear." In the end, Kubo summed up the SDPJ's opinions, saying: "It is necessary to confirm the KWP's intentions. At this point, we cannot participate."

While this was happening, Mori, LDP Policy Research Council Chairman Koichi Kato, and former LDP Vice President Michio Watanabe paid a visit to former Prime Minister Noboru Takeshita, who is chairman of the Japanese-ROK Parliamentarians' League, at his office in Tokyo. They discussed such matters as making arrangements with the ROK regarding the Japanese visit to North Korea. This indicates that for the LDP, the SDPJ's decision "not to participate" came as quite a surprise.

In the LDP, there are some members who say: "The foundations of the coalition alliance may be shaken if a delegation is sent to North Korea without the SDPJ's participation," while there are others who—feeling "guilty" that the issue of sending a delegation to North Korea came to light before the LDP had a chance to hold preliminary discussions with the SDPJ—urge that the visit be postponed until the SDPJ's full understanding has been gained. Such moves have also been backed by the fact that Sakigake, which held a meeting the same day, spelled out its policy, saying: "Caution must be exercised regarding sending a delegation without the SDPJ's participation."

Sakigake Reveals Policy Outline on Constitution

OW1503091795 Tokyo KYODO in English 0804 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 KYODO—New Party Sakigake [Harbinger], a minority partner in the three-party coalition government, revealed Wednesday [15 March] its first-ever policy outline stressing respect for the war-renouncing constitution.

Sakigake, a breakaway party from the Liberal Democratic Party, was established in June 1993. It is led by Finance Minister Masayoshi Takemura.

Sakigake's outline stresses the respect for citizen's rights, social justice and an increased nonmilitary role for Japan on the international stage.

The party's policy outline proposes drastic reforms of central government ministries and agencies. It also calls for establishing an emergency disaster management agency in the wake of the Jan. 17 great Hanshin earthquake.

The outline demands Japan should take the initiative in seeking reforms of the United Nations to tackle environmental problems, poverty and population issues.

Initial 'Monju' Reactor Operations Delayed

OW1403110995 Tokyo KYODO in English 1039 GMT 14 Mar 95

[FBIS Transcribed Text] Tokyo, March 14 KYODO—A problem with the steam control mechanism of the Monju fast breeder reactor in Fukui Prefecture will delay by three months the planned start of power generation in April, officials of the state-run Power Reactor and Nuclear Fuel Development Corp. (Donen) said Tuesday [14 March].

The officials said Donen will conduct repair work, including replacement of 55 meters of pipes, which will last for about three months.

They will stop the operation of the reactor to prepare for the works early Wednesday, the officials said, adding the job will continue well into May, thereby delaying the start until July.

The start of commercial operation will be delayed into the next year from the originally planned December, they said.

Trouble was found in late February with the flash tank, which separates the water from the high-temperature vapors.

The tank had been malfunctioning since Jan. 21, forcing the reactor to operate at only 3 percent capacity. Output should have risen to 30 percent of capacity at the end of January in order for the reactor to go into full operation in April.

The reactor reached criticality last April after construction began eight and a half years ago in October 1985.

It is capable of producing 280,000 kilowatts of electricity and was scheduled to start power generation in April and become a commercial electricity supplier by December.

North Korea

Increase of U.S. Forces in ROK Reported

SK1503004895 Pyongyang Korean Central Broadcasting Network in Korean 2117 GMT 14 Mar 95

[FBIS Translated Text] According to reports, the U.S. Defense Department has recently raised commotions to increase U.S. Armed Forces stationed in South Korea. The DEFENSE NEWS, a magazine specializing in military news, reported on 13 March that the U.S. Defense Department is increasing the supply of military equipment to the U.S. troops stationed in South Korea—including ultramodern helicopters, tanks, vehicles, and munitions—under the pretext of coping with someone's threat. The paper reported that approximately 20 multipurpose high-speed vehicles [tamogjok kosok idong charyang] had been already introduced into South Korea over the past two months, and that 24 Apache helicopters for attack purposes are expected to be deployed into South Korea in the second half of this year.

This shows that the U.S. military leadership is viciously sticking to its military plots to stifle [apsal] our Republic by continuously increasing U.S. Armed Forces occupying South Korea.

Military Reinforcement Detailed

SK1503043095 Pyongyang KCNA in English 0422 GMT 15 Mar 95

["U.S. Forces Reinforced in S. Korea"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—The U.S. Defense Department is supplementing sophisticated helicopters, tanks, vehicles, ammunitions and other military hardware to the U.S. Forces in South Korea allegedly to cope with "threat" from the North, the U.S. paper DEFENSE NEWS on March 13 reported.

About 20 multi-purpose high-speed vehicles have been shipped to South Korea in the past two months and 24 Apache attack helicopters will be introduced in the latter half of the year, said the paper.

This shows the U.S. military is continuously reinforcing its forces in South Korea and resorting to a vicious military attempt to stifle the DPRK.

ROK 10-12 Mar 'Military Provocations' Denounced

SK1403051995 Pyongyang KCNA in English 0441 GMT 14 Mar 95

["Military Provocations in DMZ"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 14 (KCNA)—The South Korean puppets committed grave military provocations against the North one after another in the Demilitarized Zone, according to military sources.

The puppets introduced and installed 90 mm recoilless guns and 12.7 mm large-calibre machine guns in the DMZ of the eastern and central sectors of the front and seriously threatened the personal safety of civil police of our side, taking a firing posture aiming at them for hours on March 10 and 12.

More than 1,800 bandits of the puppet army armed with machine guns and automatic weapons wondered about in the DMZ of the western, central and eastern sectors of the front from March 10 to 12, inciting the atmosphere of confrontation.

In another development, tens of puppet army officers swarmed into military police posts aboard jeeps in the DMZ of the eastern, central and western sectors of the front and had operational confabs against the North on March 12 and more than 10 military vehicles carrying heavily armed bandits were introduced.

The frantic military provocations in the DMZ bring into bolder relief the true color of the Kim Yong-sam puppet clique as a traitor to the nation, warmaniacs and bellicose element.

Paper Warns ROK Against Apr Military Exercise

SK1503045395 Pyongyang KCNA in English 0437 GMT 15 Mar 95

["Provokers Doomed to Destruction"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—The Kim Yong-sam group plan to stage large-scale manoeuvres of the three services of the puppet army against the North in an area near the Military Demarcation Line (MDL) from April 3 to 8. In this regard, MINJU CHOSON today says this is a premeditated and deliberate move to further increase the tension in the Korean peninsula and balk at the implementation of the framework agreement between the Democratic People's Republic of Korea and the United States.

The analyst says:

Through the manoeuvres the puppets intend to render the atmosphere of confrontation and war all the more serious between the North and the South and thus bring difficulties to the implementation of the DPRK-U.S. agreement. This is why they plan to stage the military exercises on a large-scale in Hwachon, South Korean Kangwon Province, near the MDL. Same is the reason why they proclaimed the period of the exercises so early.

As the fact shows, the Kim Yong-sam's are a group of warmaniacs who do not want the peace and reunification of the country but desperately try to unleash another war against the North, seeking only North-South confrontation.

Though the Kim Yong-sam group are attempting to get something with belligerent moves, it is a big mistake. We are keeping tabs on their ill-boding military moves.

Incentives Provided for Defectors From ROK

SK1503081395 Pyongyang Korean Central Broadcasting Network in Korean 0900 GMT 14 Mar 95

[Unattributed talk on the Military Commission's decision regarding the treatment of enemy defectors from the "Hour for South Korean Armed Forces" program]

[FBIS Translated Text] Today, with the growing infinite reverence and respect toward General Kim Chong-il, who is glorifying the lofty will of the great leader Generalissimo Kim Il-song, and the growing feeling of admiration toward the northern half of the Republic with each passing day among the South Korean people, an increasing number of South Korean Army defectors are rejecting their lives in the puppet army to come to the northern half of the Republic.

The Military Commision's decision regarding the treatment of enemy soldiers who defect to the northern half of the Republic individually or in a group includes the following information for those officers and men of the South Korean Armed Forces who defect to the northern half of the Republic on the road towards a new life of freedom and happiness:

For those who defect to the bosom of the DPRK while serving in the South Korean Armed Forces, their past shall not be questioned, and all of their rights and freedom as citizens of the Republic shall be guaranteed.

Living expenses shall be provided to defectors to ensure their living, and their individual merits and collective exploits which inflicted a loss on the enemies shall receive awards from the state according to their merits and exploits.

Defectors who come with weapons, combat technological equipment, and military secrets shall receive appropriate compensation.

Those defectors who want to study or to continue academic research activity, shall be admitted to appropriate schools, universities, or academic institutes, shall receive education free of charge, and shall receive scholarships from the state.

When defectors want jobs, they shall be provided with the occupations and jobs that they demand.

For those defectors who want to study abroad, all possible conveniences shall be provided to them so that they can study abroad in accordance with their ability and talent.

Housing and daily necessities shall be provided to defectors free of charge. All possible amenities for their living shall be guaranteed.

When defectors want to serve in the Army, they shall be promoted by merit and assigned to appropriate services and branches of the Korean People's Army.

The same benefits mentioned above shall also apply to the family members who arrive with South Korean civilian defectors.

In the case of defectors who served as South Korean policemen and public employees, their past shall not be questioned, and the same benefits mentioned above shall apply to them.

The Military Commission's decision also indicates that living expenses shall be provided to defectors and that compensation shall be provided to defectors who bring weapons and military equipment with them.

Conflict Between ROK Political Parties Viewed

SK1503043495 Pyongyang KCNA in English 0420 GMT 15 Mar 95

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—The opposition Democratic Party (DP) of South Korea totally refused dialogue and negotiation with the "Democratic Liberal Party" (DLP) and started an overnight sit-in at the "National Assembly" building on March 12, in a bid to prevent the "DLP" from unilaterally disposing of the "revision to the integrated election law," a Seoul- based radio reported.

The fascist group dispatched 1,300 police to the official residence of the "speaker of the National Assembly" and the house of the "deputy speaker" early on Sunday to disperse the DP members who had been occupying the homes for a week in a bid to stop the passage of the revision bill through "parliament."

The DP convened its caucus meeting and a meeting of its "legislators" and decided to enter into an alert footing to deter a possible blitzkrieg attempt of the ruling party on the controversial bill.

In a resolution, the DP described the police raid as an act of violence committed by the "government" and the ruling party, which left an indelible blot in the history of politics, and urged the Kim Yong-sam group to give up its attempt to ram the revision bill through "parliament" and dismiss the "interior minister" and the "chief of the national police agency." The DP announced that in case the "DLP" railroads the bill through "parliament" it will hold protest rallies across South Korea and wage a movement to down with the "government."

ROK Attempts To Revise Election Law Denounced

SK1503051295 Pyongyang KCNA in English 0433 GMT 15 Mar 95

["Desperate Effort of Gang-Like Political Party"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—The Kim Yong-sam group are now attempting to railroad through an "extra session of the National Assembly" the so-called "integrated election law" revised by the "Democratic Liberal Party [DLP]," a party of the Kim Yong-sam group, in its favor.

Commenting on this, NODONG SINMUN today views their bid as a desperate effort of a gang-like political party.

The analyst says:

As was already exposed, the revision bill is an offspring of the plot of the "Democratic Liberal Party" to have its candidates returned in "election of basic local autonomous administrative units" by removing the "system of public nomination by political parties."

It is an illegal and self-opinionated act that the "DLP" brought forward the "Integrated Election Law" without any justification and is trying to ram it through the "National Assembly".

Availing itself of the majority it has in the "National Assembly", the "DLP" intends to rattle the revision bill through the "National Assembly" in a stereotyped way. This is really a high- handed act of the dictatorial group.

It is, needless to say, a fascist and criminal outrage that they called police to walk away without warrant "assemblymen" who were trying to prevent their bid.

Evident is what the Kim Yong-sam group is seeking in recklessly trying to pass the "election law" through the "National Assembly." They want to defeat the opposition parties in the forthcoming "local autonomous election" at any cost, fill "local autonomous bodies" with their servants, readjust and reinforce the tottering ruling system, spend the second half of their power without mishap and, further, build up the system for their long-term office. It is clear to everyone that if "local autonomous election" takes place by the existing "election law", the "DLP" will lose the "election." So, the Kim Yong-sam group brought forward the "Integrated Election Law" in a bid to have their candidates returned by removing the "system of public nomination by political parties" and, if they failed to do so, make a pretext for the postponement of the "election."

The Kim Yong-sam group must give up the bid and face a judgement by the people.

ROK Order Against Funeral Committee Criticized

SK1203084695 Pyongyang KCNA in English 0824 GMT 12 Mar 95

[FBIS Transcribed Text] Pyongyang, March 12 (KCNA)—The South Korean puppet supreme prosecutor's office issued a repressive order to the Kwangju District Prosecutor's Office to punish the members of the funeral committee of the late Yun Ki-nam, an unconverted long- term prisoner of "partisan origin" by invoking the "National Security Law", for the reason that they buried his body in the cemetery of the victims in the movement for democratization in Mangwol-tong, Kwangju, and called him a patriotic fighter at the funeral service and used funeral streamers, according to the Christian Broadcast System from Seoul on March 9.

The fascist clique inflicted unimaginable persecution and suppression on the unconverted long-term prisoner and committed such inhumane act to keep him from being honoured after his death.

Japan's Import of French Nuclear Waste Protested

SK1503050495 Pyongyang KCNA in English 0451 GMT 15 Mar 95

["Statement of Spokesman of DPRK State Environmental Commission"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—We, who are paying primary attention to the environmental protection for the building of a new free and peaceful world, are lodging a strong protest with Japan and France against the proliferation of nuclear materials and transport of radioactive materials in conspiracy with each other, which engenders environmental destruction in the world, and strongly demand an immediate end to all such acts.

A spokesman for the State Environmental Commission of the Democratic People's Republic of Korea says this in a statement released today concerning Japan's transport of a large amount of high-degree radioactive nuclear waste from France.

The statement says:

It is natural that Japan and France have invited worldwide protest for the marine transport of nuclear waste which may cause a catastrophic consequence to the existence and civilization of humankind and the ecological environment of the world.

It is well known to the world that Japan has stockpiled a large amount of plutonium and pushed ahead with nuclear armament, motivated by a design to become a nuclear power.

But Japan is transporting again high-degree radioactive nuclear waste from France. This is a very perilous act which may turn the whole of the Japanese islands hit by earthquakes often into a big nuclear arsenal and give radioactive damages to different countries by which the ship is passing and their waters.

France, which has given lip-service to the "nuclear nonproliferation", has helped Japan and South Korea in their nuclear armament by selling large quantities of plutonium to them, covetous of money.

By supplying high-degree radioactive nuclear waste again to Japan this time, France glaringly self-exposes that it is a main culprit and chieftain of the proliferation of nuclear materials and the demolition of the world environment.

Japan and France would be well advised to clearly know that if they finally force the carriage of the nuclear waste in defiance of the worldwide protests and denunciation, they will be held wholly responsible for its possible catastrophic consequences.

Egyptian President Visits Exhibition in Cairo

SK1503102595 Pyongyang KCNA in English 1006 GMT 15 Mar 95

["President Kim Il-song is Great Sun of Humankind"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—President Muhammad Husni Mubarak and a large number of figures and citizens of Egypt recently visited the Korean book, photo and handiwork exhibition hall in Cairo and warmly revered the great leader President Kim Il-song.

Receiving President Kim Il-song's reminiscences "With the Century", the president shouted "Kim Il-song, Kim Il-song" and told officials accompanying him that the reminiscences is a book personally written by President Kim Il-song.

"I always respected President Kim Il-song and had a very close intimacy with him," the president said.

A major general of the Interior Ministry of Egypt said:

"President Kim Il-song was not only the leader of the Korean people with warm love for the people as his natural gift but also the great sun of humankind whom all the well- known statesmen in the world could not match in noble virtues. That is why his death is the biggest loss and a never-to-be-healed pain for the humankind all over the world.

"The idea and feats of President Kim Il-song are being successfully carried forward by His Excellency Kim Chong-il. They are immortal".

Nabil Ahmed Mustafa, director of the Y.L. Book Exhibition of Egypt, said that in order to keep his bookstore always introducing and propagandizing the feats of President Kim Il-song, it was renamed "Pyongyang- Mangyongdae Bookstore".

A vice-director of the Arab Art, Culture and Information Association of Egypt, said:

"Now the Korean people say His Excellency Kim Chong-il is President Kim Il-song. This is because His Excellency Kim Chong-il has fully personified the idea, trait and virtue of President Kim Il-song and carried forward his cause."

Kang Sends Greetings to Burundian Prime Minister

SK1303043795 Pyongyang KCNA in English 0424 GMT 13 Mar 95

[FBIS Transcribed Text] Pyongyang, March 13 (KCNA)—Kang Song-san, premier of the Administration Council, sent a message of greetings to Antoine Nduwayo upon his appointment as prime minister of the Republic of Burundi.

The message wished him success in his work at the new post and expressed the belief that the friendly and cooperative relations between the two countries would further develop in the future.

Ambassador to Portugal Visits With Party Leader

SK1503065995 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 11 Mar 95

[FBIS Translated Text] On 3 March, DPRK Ambassador to Portugal Hwang Kwon-chong paid a farewell visit to (Vulask Urgo Prenandese), chairman of the National Guiding Committee for the Intervention [kaeip] of Portuguese Democracy. During the meeting, the chairman asked the ambassador to convey his sincere greetings to the great leader [yongdoja] Comrade Kim Chong-il, wishing him a long life.

The chairman stated that the National Guiding Committee for the Intervention of Portuguese Democracy would make positive efforts to favorably develop relations with the Workers Party of Korea [WPK] and to contribute to the development of friendly relations between the people of Korea and Portugal.

He continued: We expect that greater success can be achieved in the struggle of the WPK and the Government of the Republic to further strengthen the country's economic might and to enhance the people's standard of living by executing the revolutionary economic strategy under the leadership of the dear leader Comrade Kim Chong- il. We will continue sending our support and solidarity to the Korean people for their struggle to achieve national reunification through a confederal system.

Meeting of KPA Commanders, Instructors Held

Officers Visit Kim Il-song Statue

SK1503043995 Pyongyang KCNA in English 0409 GMT 15 Mar 95

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—The participants in a meeting of company commanders and company political instructors of the Korean People's Army [KPA] laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill Tuesday. Inscribed on the ribbon hanging from the basket were letters "The Great Revolutionary Achievements of the Respected Leader Generalissimo Kim Il-song Will Be Everlasting."

The KPA officers paid homage to President Kim Il-song, who devoted his whole life to the endless prosperity of the country and the eternal happiness of the Korean people, the strengthening of the Revolutionary Armed Forces of chuche and the human cause of independence.

They shouted "Let Us Arm Ourselves More Firmly With the Revolutionary Idea of the Great Leader Comrade Kim Il-song!" And "Let Us Devotedly Fight for the Great Leader and the Respected Supreme Commander!" and solemnly pledged to defend Comrade Kim Chong-il, their respected supreme commander, with their lives and readily devote their youth and lives to the prosperity and security of their country, their motherland.

Yi Pong-won Opens Meeting 15 Mar

SK1503132395 Pyongyang Korean Central Broadcasting Network in Korean 0606 GMT 15 Mar 95

["Opening speech" by General Yi Pong-won at a meeting of Korean People's Army company commanders and company political instructors held on 15 March at Pyongyang Gymnasium—recorded]

[FBIS Translated Text] Comrades: At a time when the entire party, all the people, and the entire Army are upholding the behests of the fatherly leader [suryongnim], strongly uniting around the party, and vigorously struggling to make our country and our fatherland more prosperous, today, we have the greatest happiness and great honor of holding a meeting of Korean People's Army [KPA] company commanders and company political instructors with General Kim Chong-il, the respected and beloved supreme commander, who is the great leader [widaehan suryong] of our party and our people, in attendance. [applause]

The respected and beloved comrade supreme commander pays primary attention to strengthening companies, a basic combat unit in raising, strongly, our People's Army into an invincible revolutionary army. He has now personally arranged a meeting of KPA company commanders and company political instructors and is attending the meeting in person despite his busy schedule. [applause]

All participants in the meeting now have, nearby, the respected and beloved general, whom they have always admired while guarding the air, land, and sea of the fatherland and whom they have yearned to meet even in their dreams. So, their hearts are filled with boundless emotion and excitement and a burning resolve to reunify the fatherland without fail and complete the chuche revolutionary cause to the end under the great leadership of the respected and beloved comrade supreme commander.

The meeting of KPA company commanders and company political instructors, which is now being held amid the great attention and expectations of our people and soldiers of the People's Army, will sum up the teachings and instructions which the great leader Comrade Kim Il-song and Comrade Kim Chong-il, the respected and beloved supreme commander, have given to strengthen People's Army companies and the status of the implementation of those teachings and instructions. The meeting will also discuss measures to raise, more strongly, all companies into iron-willed ranks of chuche-type revolutionary soldiers in compliance with the prevailing situation and the demand of the revolutionary Armed Forces' development.

The meeting held with the respected and beloved comrade supreme commander in attendance will become an occasion of great significance in strongly raising companies, cells, and basic combat units of the People's Army politically and militarily and further strengthening and developing the People's Army into main forces of the Korean revolution loyal to our party. [applause]

In the firm belief that all participants will make this meeting a historic meeting that will achieve a new turning point in strengthening companies and, thus, repay the respected and beloved comrade supreme commander's high political trust and consideration with loyal deeds, I declare the opening of the meeting of KPA company commanders and company political instructors.

Kim Chong-il Attends Opening

SK1503113795 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 15 Mar 95

[FBIS Translated Excerpt] With Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, who is the chairman of the DPRK National Defense Committee and the supreme commander of the Korean People's Army [KPA], in attendance, a grand meeting of company commanders and company political instructors of the KPA opened on 15 March in Pyongyang, the revolutionary capital. We will relay the opening of the meeting of company commanders and company political instructors of the KPA.

This is Pyongyang Indoor Gymnasium. A grand meeting of company commanders and company political instructors of the KPA will open here soon. [passage omitted describing the meeting hall] [applause] Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, who is the chairman of the DPRK National Defense Committee and the supreme commander of the KPA, is coming to the rostrum of the meeting hall. [passage omitted praising Kim Chong-il]

Present on the rostrum are Choe Kwang, chief of the KPA General Staff, who is a member of the WPK Central Committee Political Bureau, a vice chairman of the DPRK National Defense Committee, and a member of the WPK Central Military Commission; Comrades Kim Kwang- chin and Kim Pong-yul, members of the DPRK National Defense Committee and KPA vice marshals; senior officials of the Ministry of People's Armed Forces; commanders of KPA services and branches; and exemplary company commanders and company political instructors. [passage omitted]

Choe Kwang Delivers Message

SK1503084795 Pyongyang Korean Central Broadcasting Network in Korean 0613 GMT 15 Mar 95

["Congratulatory message" of the Central Military Commission of the Workers Party of Korea, WPK, delivered by Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the Korean People's Army, KPA, at a meeting of KPA company commanders and company political instructors held on 15 March at Pyongyang Gymnasium—recorded]

[FBIS Translated Text] A congratulatory message to the participants of the meeting of Korean People's Army [KPA] company commanders and company political instructors: At a time when all of the people and officers and men of the People's Army are firmly united around the party and vigorously struggling with a firm faith to make our country, our fatherland, richer with a firm faith, we are holding a meeting of KPA company commanders and company political instructors.

The meeting of KPA company commanders and company political instructors is a meeting of great historic significance in further strengthening and developing the People's Army into the main force in consummating the chuche revolutionary cause by more firmly building KPA companies politically and militarily in conformity with the demands of the developing revolutionary Armed Forces. [applause]

The Workers Party of Korea [WPK] Central Military Commission extends warm congratulations to all company commanders and company political instructors in the People's Army who are making active contributions to strengthening the People's Army into invincible revolutionary armed forces and to firmly deepening the country's defense capabilities by devotedly struggling and cherishing lofty loyalty to the party and the leader [suryong] and feeling warm love toward the socialist fatherland. [applause]

With his deep insight into the importance of the position and role of companies in the building of the revolutionary Armed Forces the great leader Comrade Kim Il-song prescribed a company as a cell and a basic combat unit of the People's Army and led company commanders and company political instructors to constantly strengthen and develop KPA companies into a one-a-match-for-100 fighting force by enhancing their sense of responsibility and their role. [applause]

Our party has extensively elucidated direction and method to firmly build companies in conformity with the demands of the developing revolutionary Armed Forces and wisely led the struggle for their realization. [applause]

Company commanders and company political instructors of the People's Army have struggled, devoting all their strength and wisdom for the implementation of the party's policy of strengthening companies, cherishing burning loyalty to the party and the leader [suryong]. Thus, they have performed great exploits for the country and the people.

By vigorously waging political and ideological indoctrination work, company commanders and company political instructors have actively contributed not only to firmly preparing company soldiers to become chuche-type revolutionary soldiers with the thorough military spirit of absolutely respecting the party and the leader [suryong] and of devoting their lives to the party and the leader [suryong] under any difficult circumstance, but also to strengthening single-hearted unity of the entire Army.

Company commanders and company political instructors have strengthened combat and political training, strongly prepared soldiers ideologically, technologically, and physically; and thoroughly prepared them for combat mobilization and, thus, contributed to crushing the enemy's endless aggression maneuvers and reliably defending the safety of the socialist fatherland and the revolution's feats.

In hearty response to the slogan "What the party decides, we will do!" company commanders and company political instructors vigorously mobilized soldiers to the grand socialist construction campaign and led them to display heroic feats in the worthwhile struggle to erect great monumental edifices of the Workers Party era.

Today, our People's Army is displaying its invincible might as our party's revolutionary Armed Forces. This is the result of the noble efforts of company commanders and company political instructors who shared the same life and destiny and joy and sorrow with warriors and, as older brothers or sisters, indoctrinated and led them in order to strengthen companies, cells of the People's Army, into combatant ranks of one-a-match-for-100 soldiers single-heartedly united around the party.

The WPK Central Military Commission highly assesses company commanders and company political instructors of the People's Army for having upheld the party's leadership, excellently fulfilled their noble duties for the party and the revolution, and, thus, excellently commanded companies and strengthened the People's Army. [applause]

In compliance with the revolutionary mission of the People's Army, company commanders and company political instructors must more strongly raise all companies into iron-willed combatant ranks of chuche-type revolutionary soldiers and, thus, make them excellently carry out the heavy and honorable task of guaranteeing the party's cause, the socialist cause, with arms.

The great leader Comrade Kim Il-song has taught: Company commanders and company political instructors must correctly perceive the importance of companies and positively wage the struggle to strengthen companies by devoting all their strength and wisdom to it.

In hearty response to the party's basic slogans "The great leader Comrade Kim Il-song will always be with us" and "Let us arm ourselves with the great leader Comrade Kim Il-song's revolutionary ideas," company commanders and company political instructors of the People's Army must make new turns in strongly raising all companies into combatant ranks boundlessly loyal to the party and the leader [suryong].

Company commanders and company political instructors must boundlessly deepen the education of soldiers on the principles of the chuche idea, the revolutionary tradition, classes, and socialist patriotism and, thus, make all soldiers have absolute confidence in the party and the leader [suryong] and a firm belief in socialism and make them rifles and bombs who resolutely defend the party in any harsh storm and protect the socialist fatherland at the risk of their lives.

Company commanders and company political instructors must make soldiers realize the greatness of the party and the leader [suryong] and resolutely wage the struggle to complete the chuche revolutionary cause with high pride in being members of the Kim Il-song nation.

The company commanders and company political instructors should ensure that the revolutionary military ethos is thoroughly established in the Army so that all the soldiers will uphold the party's leadership with loyalty and live and struggle with the revolutionary spirit of soldiers who would plunge into water and fire without hesitation to unconditionally implement the supreme commander's orders and instructions to the end.

The company commanders and company political instructors should guide the organizational and ideological life of the party members and soldiers efficiently in order to revolutionize them thoroughly and indoctrinate them steadily by means of explanation, persuasion, and psychological influence to prepare all the young soldiers firmly to be true revolutionary fighters who struggle devoting their youth and life to the party like Comrade O Chung-hup, who defended the headquarters of the revolution to the death during the era of the anti-Japanese revolutionary struggle.

The company commanders and company political instructors in the People's Army should further improve the combat readiness of the company by arming it with a chuche-oriented outlook on war so that it can be ever-victorious in combat with the enemy.

The company commanders and company political instructors should persistently keep up the combat and political trainings as their basic task and thoroughly implement the party's five-point training policy and four-point training principle under the slogan "Training is combat," so that all the soldiers can be brought up to be valiant soldiers equipped with subtle and superb tactics, specialized military technologies of their sector, perfect marksmanship, and marvelous iron-like strength.

The company commanders and company political instructors should further enhance the combat organization of the company, the platoon, and the squadron in conformity with the demand of the prevailing situation, efficiently manage the storage and maintenance of arms and combat technological equipment, and keep guard-posts and encampments in good shape like iron fortresses, thus maintaining complete combat readiness so that they can inflict resolute punishment in case the enemy encroaches upon our territory, our territorial airspace, and our territorial waters even one inch.

At the same time, they should strengthen various combat duties, such as guarding the front line, with high revolutionary vigilance and crush the enemy's provocation maneuvers at every step to dependably defend the security of the socialist fatherland and the happiness of the people.

The company commanders and company political instructors should command and manage the company according to the 10-point regulations [siptae chunsu sahang] and the 10-point company management regulations [yolkkaji chungdae kwalli chunchuk] and intensify the struggle to establish the ethos of studying the military regulations, the ethos of daily training, and the ethos of good manners to establish the strong military discipline and the regularized features [chonggyuhwajogin myonmo] in the company.

The company commanders and company political instructors should continuously and vigorously conduct the organizational and political work to further promote the traditional beautiful virtues of the unity between officers and men, the unity between the Army and the people, and the unity between party members and the members of the League of Socialist Working Youth of Korea so that the officers and men of the company may unite firmly in one mind and will based on revolutionary comradeship, love the people wherever they are, and thoroughly protect the people's lives and properties.

The company commanders and company political instructors of the units that are mobilized for socialist construction should vigorously arouse the soldiers to register greater exploits in the major construction sites for the realization of the party's grand plan under the slogan "We will assume the responsibility for socialist construction as well as defending the country," in order to thoroughly display the revolutionary trait of the People's Army as the defender of the country and the creator of the people's happiness.

Company commanders and company political instructors of the People's Army should bear in mind that ceaselessly improving the soldiers' material and cultural life is an important condition for strengthening the company's combat capabilities. They should display the soldier-loving spirit and the revolutionary spirit of self-reliance, accurately convey the party's care to the soldiers at the right time, methodically manage the company, and improve the living standard of soldiers. In accordance with the soldiers emotional and psychological characters, they should properly arrange time off on (?holidays) and Sundays, arrange popular cultural programs, entertainment work, and sports activities so the company is always filled with revolutionary enthusiasm and a militant spirit.

Company commanders and company political instructors should deepen the Three-Revolution Red Flag Movement and ceaselessly effect collective innovations in the work to strengthen the company's combat preparedness and capabilities. In order for company commanders and company political instructors to excellently carry out the honorable duties of revolution entrusted to them, they should possess a lofty trait and high qualification as the commanding members of the revolutionary Army. Company commanders and company political instructors of the People's Army should imbue themselves with the 10 communist militant and moral traits set forth by the great leader Comrade Kim Il-song, and thoroughly embody the traits in their work and life. In relations with the fighters, they should be strict big brothers and kind big sisters; in service, they should be models; and in fights with the enemies, they should be the standard-bearer of the rank and trumpeter of advance, who opens the road of charge in the forefront.

Company commanders and company political instructors should strengthen the study and organizational life, ceaselessly train the party spirit, enhance the political and practical qualification and the technical standard of military tasks, cooperate with each other, and properly coordinate military conditions to successfully implement all tasks entrusted to the Army. Party organizations, political organs, commanding officers, and staff of various classes in the People's Army should keep their footings in companies and properly help company commanders and company political instructors so that the work to strengthen the company achieves better results.

Company commanders and company political instructors have honorable and rewarding duties in further strengthening our People's Army into the main forces of consummating the chuche revolutionary cause. The party has great trust in and expectation for the company commanders and company political instructors. The WPK Central Military Commission firmly believes that all company commanders and company political instructors of the People's Army will excellently answer the party's great trust and expectation by upholding the party's leadership and by further strengthening all companies into matchless and ever-victorious combatant ranks that are endlessly loyal to the party and revolution. [applause]

[Signed] WPK Central Military Commission
[Dated] 15 March 1995 [applause]

Anniversary of Kim Chong-il Provincial Visit

SK1503051595 Pyongyang KCNA in English 0427 GMT 15 Mar 95

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)— A meeting marking the 20th anniversary of the on-the-spot guidance of the great leader Comrade Kim Chong-il to North Hamgyong Province was held in Chongjin City on March 14.

In his report Yi Kun-mo, chief secretary of the North Hamgyong Provincial Committee of the Workers' Party of Korea and chairman of the North Hamgyong Provincial People's Committee, said:

The great leader Comrade Kim Chong-il visited North Hamgyong Province and guided work of cities, counties and industrial establishments, institutions and rural communities in the Province in March 1975. He expounded concrete ways to defend and glorify the revolutionary feats of the great leader President Kim Il-song, further improv and strengthen party work to suit the demand of the developing revolution and effect a new turn in economic construction.

The reporter referred to the successes achieved in the party and economic work as a whole in the province in the past and stressed that it is a decisive guarantee for the ultimate accomplishment of the revolutionary cause of chuche to advance under the leadership of the great leader Comrade Kim Chong-il.

He pointed out that all the party members and working people should absolutely worship and follow the dear leader Comrade Kim Chong-il and thoroughly establish the revolutionary trait of implementing the party's policy to the letter by fully displaying the revolutionary spirit of self-reliance and hard struggle.

Kim Chong-il Lauded for 'Enriching' Chuche Idea

SK1503101995 Pyongyang Korean Central Broadcasting Network in Korean 2240 GMT 13 Mar 95

[Unattributed talk: "An Outstanding Ideologist and Theoretician Who Adds Luster to the Chuche Idea"]

[FBIS Translated Text] The modern history of Korea is shining as glorious annals in which the chuche idea of the great leader Comrade Kim Il-song triumphs and prevails as a proud reality. The everlasting vitality and driving force of the great leader Comrade Kim Il-song's revolutionary ideology, the chuche idea, are firmly ensured by the respected and beloved Comrade Kim Chong-il, the most faithful successor to this great ideology and outstanding ideologist and theoretician.

Whether the leader's [suryongui] revolutionary ideology has vitality and vigor throughout the entire historical course of the revolution depends on the leaders [yongdojadul] who come after him. The lifelong mission of the leaders [yongdojadul] of the revolution is to continuously develop and enrich the leader's [suryongui] revolutionary ideology and guide the road of the revolutionary struggle for the popular masses.

The great leader Comrade Kim Chong-il has set an epochal example for the first time in the modern history of the socialist movement of purely inheriting the leader's ideology and elucidating the future road of the revolution with his new ideology and theory.

The great leader Comrade Kim Il-song taught: Conducting ideological and theoretical activities with his extraordinary quest of knowledge and energy, Comrade Kim Chong-il is adding luster to our party's chuche idea as the great guiding ideology of the age of independence.

The great leader Comrade Kim Chong-il inherits and develops the respected and beloved leader's revolutionary ideology and is making truly immortal achievements in adding luster to it as the eternal guiding ideology of the revolution.

That the great leader Comrade Kim Chong-il has scientifically formulated the respected and beloved leader's revolutionary ideology is of fundamental significance for the destiny of the cause of independence of the popular masses.

In the 1960's the limitations of the preceding revolutionary ideology began to be revealed more clearly in socialist revolution and construction, and the modern revisionist line was adopted as a policy by the parties of a number of countries. The socialist movement was faced with a guiding ideology crisis.

On the other hand, the reality of the socialism of our country, which was advancing victoriously under the banner of the chuche idea, was the focus of world attention to the great leader's revolutionary ideology. At this very time, the great leader Comrade Kim Chong-il gave the classic definition: The respected and beloved leader's revolutionary ideology is the monolithic system of the chuche ideology, theory, and method. He clarified the historical position of this great ideology as the guiding ideology of the revolution of our times.

The formulation of the great leader's revolutionary ideology—this was a great event which gave the good news of the revolution and hope and courage for the future to the people who were yearning for a correct guiding ideology of the new age, and a historic declaration heralding a fundamental upturn in the development of the guiding ideology of the revolution.

The great leader Comrade Kim Chong-il not only formulated the respected and beloved leader's revolutionary ideology but further enriches it with new principles and contents in conformity with the demands of the present times and the development of the revolution and comprehensively deepens and develops it.

The most brilliant of the ideological and theoretical achievements made by the great leader Comrade Kim Chong-il who develops and enriches the fatherly leader is that he has scientifically established the people-oriented philosophy, the chuche philosophy. The great leader Comrade Kim Chong-il embodied the great leader's chuche-oriented philosophic ideology and scientifically elucidated that people are social beings with independence, creativity, and consciousness and that because of this people become the only masters, the only remakers, of the world. By so doing, the great leader Comrade Kim Chong-il established for the first time in history a complete understanding of the people's essential characteristics and the position and role of people in the world.

The philosophical principle that the world is to be ruled, reformed, and developed by mankind; and the social and historic principle that mankind is the master of society and social development is to be attained by the independence, creativeness, and consciousness of mankind, constitute the essence of the chuche-oriented philosophy formulated by the great leader Comrade Kim Chong-il.

This great philosophy scientifically resolved the problem on essential qualities of mankind, which has been a point of serious dispute between progressive andeactionary circles from the tiwhen mankind's philosophical speculation was initiated to the present century, and effected a basic turn from material-centered philosophy to mankind-centered philosophy.

The fact that dignity and value of mankind have reached a highest point and the popular masses have discovered the road of becoming the master of destiny by freeing themselves from the situation of slaves of destiny is a great historic event. This event took place in the 20th century's history of mankind thanks to chuche-oriented philosophy.

Based on mankind-centered philosophy, the great leader Comrade Kim Chong-il formulated a scientific way of understanding the essence and value of life of mankind, and deepened and developed the chuche-oriented view of life, which assumes the idea of treasuring social and political life as its kernel. By combining the principle on the driving force of the revolution with the theory on social and political organism, he elucidated the new revolutionary outlook.

Besides, he developed and enriched all ideas and theories—all constituents of the revolutionary ideas of the great Comrade Kim Il- song—with new contents based on the principle of chuche-oriented philosophy. Thus, he perfected the leader's [suryongnimui] revolutionary ideas more brilliantly as chuche-oriented revolutionary theory.

What is outstanding in the ideological and theoretical achievements of the great leader Comrade Kim Chong-il in developing and enriching the fatherly leader's revolutionary ideas is that he comprehensively deepened and developed the chuche-oriented theory of socialism by embodying mankind-centered philosophy.

The great leader Comrade Kim Chong-il systematized the theory on socialism and communism put forward by the great leader [suryongnim] as the theory for the chuche-orientation of entire society. Furthermore, he perfected the theory on socialism and communism as a scientific popular mass-centered theory.

The unique nature of the great leader Comrade Kim Chong-il's theory on socialism is that his theory has developed and systematized all issues, including the historic inevitability of socialism, the basic method of realizing it, the essence in and motive power of socialist society, and the essential superiority of socialism, by placing the popular masses in the center.

The theory elucidated that independence of the popular masses can be realized only in the socialist society, whics based on collectivism—mankind's natural demand—and therefore, switching of capitalism, which is based on individualism, over to socialism, which is based on collectivism, is a natural development of history.

In addition, this theory gave confidence to the people that socialism will win victory by all means. It expounded a true revolutionary principle that socialism can be victorious only when collectivism is embodied. Thus, the theory smashed the imperialists' preposterous claims about the end of socialism.

The theory emphasized that the decisive factor for developing the socialist society is the creative power of the popular masses who are armed with lofty ideological awareness and who are united as one. Therefore, the basic method for developing socialist society is laid in strengthening the driving force of the revolution by giving priority to the work of reforming men and in enhancing the role of the driving force.

Thanks to this theory, the restrictive nature of previous doctrines, which regarded objective material and economic conditions as the basis in socialist society, was surmounted, and unjustness and the reactionary nature of the view of betrayers of socialism, who put forward the idea of regarding materials as supreme value and the idea of the almighty nature of economy, were fully exposed.

In particular, the great leader Comrade Kim Chong-il elucidated that the popular mass-centered socialism, which embodied the chuche idea, is the society in which the popular masses exercise the right of the position of masters, have the responsibility and play the role of masters, and enjoy a valuable and happy life as masters.

Thus, he scientifically proved that the popular mass-centered socialism is the most advanced socialism that embodies the natural demand of mankind.

Thanks to the scientific theory on socialism by the great leader Comrade Kim Chong-il, the people came to precisely realize the essence of genuine socialist society, which mankind pursues as its ideal, and as a result, various miscellaneous theories on socialism that confused the modern socialist movement were totally bankrupted.

The great leader Comrade Kim Chong-il not only deepened the theory on socialism from the principled standpoint, but also comprehensively elucidated all theoretical and practical problems raised in accelerating reform of mankind, of nature, and of society by strengthening the popular government and by vigorously waging the three revolutions—ideological, technological and cultural. Thus, he further developed and enriched theories on the socialist construction.

In addition, he comprehensively developed and newly innovated theories of all domains and all sectors in socialist construction, including theories on economic construction, cultural building, party building, government building, building of revolutionary armed forces, and building of workers organizations.

What is brilliant in the ideological and theoretical achievements of the great leader Comrade Kim Chong-il, who developed and enriched the fatherly leader's revolutionary ideas, is that he formulated the chuche-based outlook on mutual relations between the leader [suryong], the party, and the masses in social and political organisms. He uniquely expounded the political principle—the principle of communist leadership.

Based on the principle put forward by the respected leader [suryongnim] on the position and role of the leader [suryong] in the revolutionary struggle of the working class and on the principle of revolutionary comradely love, the great leader Comrade Kim Chong-il newly deepened and developed the theory on chuche-based leadership and political theory.

The basic idea constituting the kernel in these theories is that the leader [suryong] is the center and intelligence of the lives of social and political groups and the popular masses are united as one social and political organism with the leader [suryong] as the center. This idea also elucidates that when the popular masses become a unified body that moves at the leader's monolithic command, they can assume the position of the driving force of the revolution and can fulfill their role to the end.

The great leader Comrade Kim Chong-il emphatically pointed out that the relations between the leader [suryong] and fighters and between the leader [yongdoja] and people within the social and political group should be relations of perfect unity based on the revolutionary comradely love and on the sense of obligation. He elucidated that these relations should be blood-relations that include trust of the leader [suryong] in the fighters and loyalty and filial piety of fighters to the leader.

Thus, he stressed that socialist politics should be politics of love and trust. This is an outstanding theory that gave an annihilating blow to the revisionists who separated the leader from the masses and who refused the leader's monolithic leadership, and which opened a basic turn in political methods of the socialist ruling party.

The great leader Comrade Kim Chong-il, who uniquely expounded the principle of the leader-centered leadership, comprehensively elucidated the revolutionary work system, work method, and popular work-style, and systematized them in a unitary manner. Thus, he formulated the chuche-based leadership theory and put socialist political theories onto a new higher stage.

The fatherly leader Comrade Kim Il-song highly praised the immortal achievements of the respected Comrade Kim Chong-il who glorified the chuche idea as the great guiding ideology in the era of independence. The fatherly leader made heartwarming remarks that Comrade Kim Chong-il is further enriching the chuche idea, which the fatherly leader implanted and fostered in the soil of our people, to be an exuberant tree bearing rich fruit.

This is the historic evaluation and all people's praise of the immortal achievements of the great leader Comrade Kim Chong-il who developed and enriched the great leader's [suryongnimui] revolutionary ideas with precious ideological and theoretical assets.

Our people will loyally uphold the ideas and leadership of the great leader Comrade Kim Chong-il, the master of the chuche idea, and will adhere to the fatherly leader's revolutionary ideas generation after generation. Thus, we will glorify our revolution with the great Comrade Kim Il-song's cause throughout all generations and will make our nation and our fatherland wealthier and more powerful.

Paper Lauds Kim Il-song's 'Brilliant Foresight'

SK1503103895 Pyongyang KCNA in English 1022 GMT 15 Mar 95

["The Great Leader Comrade Kim Il-song, Peerless Great Man With Foresight"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA)—NODONG SINMUN today carries a by-lined article saying the great leader Comrade Kim Il-song is a peerless great man gifted with brilliant foresight.

The article quotes the great leader Comrade Kim Chong-il as saying:

"Our leader was, indeed, a distinguished great man with far- sightedness. There was no such a great man in any country the world over."

The article further says:

The great leader Comrade Kim Il-song led the revolution and construction to victory, looking far ahead into the future and parted with us after securing all the wealth to successfully carry forward and accomplish the revolutionary cause of chuche.

The brilliant foresight of Comrade Kim Il-song was, first of all, demonstrated in that he founded the immortal chuche idea and clearly indicated the road ahead of humankind with a scientific penetration into the requirement of the era and the aspiration of the people.

He mastered Marxism-Leninism in the period of his early revolutionary activities and lucidly penetrated its limitation of an era at that time and originally found the truth of the chuche idea in the struggle to pioneer a new road of revolution. With his foundation of the chuche idea, the struggle of the popular masses for independence has developed into a new high stage and the progressive humankind has entered a new era advancing under the banner of the chuche idea.

The outstanding foresight of Comrade Kim Il-song was also powerfully displayed in that he successfully solved the question of inheriting the revolutionary cause to guarantee a bright future of the Korean revolution.

He, with outstanding foresight, had long put forward and applied the unique idea and theory on carrying forward and accomplishing the revolutionary cause with a deep penetration into the law governing the revolutionary struggle continuing through generations.

With the great leader Comrade Kim Chong-il, who brilliantly rose as a lodestar on Mt. Paektu, at the head of the party and the revolution, the question of inheriting the revolutionary cause of the leader has been successfully resolved in Korea.

Thanks to the foresight of Comrade Kim Il-song who had long raised the question of inheriting the revolutionary cause as the fundamental question decisive of the destiny of the revolution and the future of the socialist cause and resolved it with success, our people have become a most proud and happy people who are blessed with a sagacious leader down through generations, upholding the people's leader unfailingly loyal to the cause of the leader and possessed of distinguished quality and personality at the head of the party and the revolution.

The brilliant foresight of Comrade Kim Il-song was also powerfully manifested in that he had led the revolution and construction in a far-sighted way, always looking ahead into the future of the revolution.

Leading the great war against Japanese imperialism, he unfolded a far-reaching plan to build a most advantageous socialism centred on the popular masses in the country to be liberated in the future and inserted it in the 10-point programme of the association for the restoration of the fatherland. Under his far-sighted leadership, a historic root for the building of a new country was struck and a solid foundation laid at that time to realize the historical cause of building the party, the state and the Army.

He led the revolution in a far-sighted way, designing the revolutionary tasks of different stages while carrying out the revolutionary tasks of one stage. Thanks to his guidance a solid foundation of the socialist revolution was laid during the anti- imperialist, anti-feudal democratic revolution after the liberation of our country, and a blueprint of postwar rehabilitation and construction was worked out and a far-reaching plan for building a prospering and developing paradise of the people opened during the fatherland liberation war.

He led the people to live on their own strength under any complicated situation and circumstance and honorably defend the sovereignty and dignity of the nation, looking far ahead into the future as well as the immediate interests of the revolution. If we had followed the baton of others, not administering an independent politics or joined the "sev" [as received] and depended on the economy of other countries, and had not built self-reliant defence capacity, we would not have crushed the challenge of the imperialists nor have given full play to the advantages and might of our-style socialism under the difficult condition that socialism collapsed in some countries and the international circumstances of our revolution changed.

A large contingent of one million and hundreds of thousands of native cadres has also been trained under the far-sighted guidance of the great leader Comrade Kim Il-song.

If native cadres had not been reared by the great leader with utmost care, we would not have healed the wounds of the war in so a short span of time nor have built a powerful socialist state, independent, self-sustenant and self-reliant in national defence, on the debris by our own efforts.

The immortal feats of the great leader Comrade Kim Il-song, who built a brilliant tower of socialism in the 20th century, devoting his tireless efforts to the prosperity of the country, the happiness of the people and the human cause of independence, with his outstanding foresight, will shine forever with the victorious advance of the socialist cause.

Daily Urges Realization of Party's 'Greatness'

SK1503071295 Pyongyang MINJU CHOSON in Korean 24 Feb 95 p 1

[Editorial: "Let Us Deeply Realize the Party's Greatness"]

[FBI Translated Text] The hearts of all the people of the whole country who significantly celebrated 16 February as the nation's greatest felicitous holiday, are currently overflowing with infinite pride and dignity of living and carrying out the revolution by highly upholding the great leader [yongdoja] Comrade Kim Kong- ail at the top of the party and revolution. During the days of significant festive events welcoming the February holiday, our people all the more deeply felt how great a leader [yongdoja] they are upholding and are enjoying the leader's [suryong] good fortune generation after generation. Possessed with high authority, functionaries and workers must all the more deeply realize the respected and beloved Comrade Kim Chong-il's greatness who is receiving the people's absolute trust and respect, and vigorously advance for victory in the chuche socialist cause.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"The party members and workers must deeply realize the greatness of the party and the leader [suryong] so that they can all the more elucidate the nation's honor with the great national pride and dignity according to the leadership of the great leader [suryong] and great party."

The socialist cause is the party's cause and its victory lies in firmly guaranteeing the party's great leadership. The party's greatness is the leader's [yongdoja] greatness. Apart from the leader's [yongdoja] greatness, we cannot think about the party's high authority, the people's dignity and honor, and the country's wealth and power, development, and prosperity.

For functionaries and workers to deeply realize the party's greatness means deeply bearing in their minds the respected and beloved Comrade Kim Chong-il's greatness, who is leading the party.

For functionaries and workers to deeply realize the party's greatness is a pivotal issue in being endlessly loyal to the revolution and elucidating the revolutionary's honor in the struggle for the victory of socialist cause. Functionaries and workers must deeply realize the party's greatness so that they can thoroughly establish a revolutionary view of the leader [suryong]; highly uphold their leader [yongdoja] as a father and pillar of mind; and unchangeably share the fate with the party and be endlessly loyal on the road to following the party even during time of peace and trials. Also, as long as we uphold the great leader [yongdoja] by devoting our life in realizing the party's cause embraced with the high pride and dignity of carrying out the revolution by upholding the great leader [yongdoja], we can vigorously fight for my country's and my fatherland's wealth, power, and development by treasuring the lucid faith that we will be victorious without fail.

What is most important in deeply realizing the party's greatness is treasuring the firm faith of the party's greatness.

Faith in the party's greatness is a driving force of revolutionary enthusiasm and creativity. A person who does not possess the party's greatness as a faith cannot devote his life in realizing the party's cause. Absolute admiration toward the leader [yongdoja] and infinite devotion and sacrifice in implementing the party's policy are based on the thorough faith in the party's greatness.

The great leader [yongdoja] Comrade Kim Chong-il is a distinguished leader [suryong] who succeeded the natural disposition possessed by the respected and beloved leader [suryong] and is realizing at the most lofty height the leadership trait and temperament that must be endowed with by a political leader [suryong].

By highly upholding Comrade Kim Chong-il at the head of our revolution, who is realizing the respected and beloved leader's [suryong] loyalty at the most lofty height and who is possessed with both literary and military accomplishments and loyalty and filial piety, our people became the most proud and happy people who are brilliantly succeeding and completing the revolutionary cause pioneered by the leader [suryong].

The great leader [yongdoja] Comrade Kim Chong-il is a peerless great man possessed with both literary and military achievements and benevolent virtues. Comrade Kim Chong-il who is just like the respected and beloved leader [suryong] is the best among the best in ideology, leadership, military strategy, and in benevolent virtues. He is a great man among great men. Our people experienced the greatest loss, which cannot be recovered, in the course to advance the chuche revolutionary cause, but since we uphold the great Comrade Kim Chong-il who is just like the respected and beloved leader [suryong], it was possible for our people to overcome the sadness and rise resolutely, and our revolution is advancing with greater vitality.

Functionaries and workers highly uphold the great leader [yongdoja] Comrade Kim Chong-il at the top of the party and revolution. Therefore, our revolution encountered the heyday in our revolution; our fatherland became a prosperous country; and our people must correctly recognize that they are elucidating the dignity and glory with the pride and dignity of a victor. Also, they must unchangeably treasure the faith in the respected and beloved Comrade Kim Chong-il's greatness, and be loyal and carry out filial piety to the end on the road of upholding Comrade Kim Chong- il and the promise made before the bier of the fatherly leader.

What is also important in deeply realizing the party's greatness is to deeply research and study the great leader [yongdoja] Comrade Kim Chong-il's glorious and brilliant revolutionary history.

The history of the revolutionary activities of the great leader [yongdoja] Comrade Kim Chong-il is a glorious history that is consistent with the endless loyalty toward the respected and beloved leader's [suryong] revolutionary cause. It is also a proud history in which he devoted everything in the sacred cause for the people. The great leader [yongdoja] Comrade Kim Chong-il's immortal achievements in which he highly rose as the lodestar of the era and led the chuche cause toward the one road of ever- victoriousness by plowing through the arduous storms of modern history, can be clearly seen in the course of this history that is being elucidated as a heroic epic.

Through energetic ideological and theoretical activities, the great leader [yongdoja] Comrade Kim Chong-il formulized the respected and beloved leader's [suryong] revolutionary ideology as the single guiding ideology of the independent era; wholly intensified and developed it and undividedly systemized it in accordance with the demand of the revolutionary development; published many classical works to scientifically prove the greatness, uniqueness, and truthfulness of the chuche idea; and brilliantly elucidated the future road that our people and the world's revolutionary people must go toward.

The great leader [yongdoja] Comrade Kim Chong-il who absolutely perfectly realized the respected and beloved leader's [suryong] extraordinary leadership put forth accurate lines and policies and wisely led works in all sectors including politics, economy, and culture and the work to build the revolutionary armed forces. Thus, he strengthened in every direction the main force of the revolution and changed our country into a strong socialist country of self- dependence, self-support, and self-reliant defense.

The great leader [yongdoja] Comrade Kim Chong-il regarded the respected and beloved leader's [suryong] ideology of "the idea of believing in the people as in heaven" as a maxim and thoroughly embodied it. He also unfolded a politics of love and faith toward the people and an all-embracing politics, thus making the whole society into a harmonious large socialist family. Truly the respected and beloved Comrade Kim Chong-il clearly stated the course of the victory of the revolutionary cause through extraordinary ideology and through extraordinary leadership; advocated, adhered to, and elucidated socialism of our own style through his outstanding leadership; and successfully built man's ideal society on this land through politics of love and faith. He is a great ideologist, theorist, politician, and an extraordinary military strategist and a peerless great man endlessly loyal to the fatherland and people.

Functionaries and workers must systematically and wholly research and study the great leader [yongdoja]

Comrade Kim Chong-il's revolutionary history so that they can deeply realize the lofty trait possessed by Comrade Kim Chong-il. Functionaries and workers must substantially study each word and phrase of the texts of the respected and beloved leader's [suryong] and the great leader [yongdoja] Comrade Kim Chong-il's works, and the study to practice virtue; explorations of historical revolutionary sites and historical revolutionary museums; and visits for inspection must be carried out normally. By doing so, they can bear in their hearts the lofty traits possessed by the great leader [yongdoja] Comrade Kim Chong-il.

If the party's greatness is to be deeply realized, it is important to substantially link this work with our country's reality that brilliantly embodied the party's ideology and leadership.

The great ideology and great leadership create a great practice. Centuries-old changes that occurred in our fatherland are endlessly precious, which were provided by the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il who is brilliantly realizing the respected and beloved leader's [suryong] lofty intention. We must know how the proud reality unfolded on this land and how all revolutionary assets and feats have been provided and elucidated under the great Comrade Kim Chong-il's wise leadership. By doing so, we must regard socialism of our own style in which our party's far-reaching plan blossoms into reality as living and life, and must further firmly be determined to devote everything for my thankful county's and fatherland's prosperity. Also, the revolutionary spirit of self-reliance and fortitude must be highly manifested so that barriers and difficulties we are faced with are overcome and responsibly carry out the revolutionary duties that they are entrusted with. Thus, the party's revolutionary economic strategy can be thoroughly implemented and the superiority of socialism of our own style can be all the more elucidated.

Enhancing the role of the people's regime organs is very important for functionaries and workers to deeply realize the party's greatness.

The functionaries of the people's power organs should feel in their hearts how fortunate it is for them to have the great leader [yongdoja] Comrade Kim Chong-il at the head of our revolution, and should think and act only in conformity with the party's idea and intent. In addition, they should mingle with workers, easily explain to workers the great leader [yongdoja] Comrade Kim Chong- il's immortal achievements, and educate them on the party's benevolence with vivid materials and truths through various methods and forms, letting workers realize the warmth, love, and benevolence of our party. In doing so, functionaries should make all the workers single-heartedly uphold our party and share the destiny with the great leader [yongdoja] Comrade Kim Chong-il to the end. By setting examples and showing by practice rather than by precept, the functionaries of the power organs should give a strong impetus to the masses' zeal and guide them well so that they could answer our party's benevolence with practical achievements. Along with this, bearing in mind that developing the local economy and enhancing the people's standard of living are the ways to put the party's grand plan into practice, the functionaries of the local power organs should endeavor to bear the brilliant fruit of the great leader [yongdoja] Comrade Kim Chong-il's lofty intent by concentrating on the production of agriculture, light industry, and export goods.

All functionaries and workers should deeply grasp the great leader [yongdoja] Comrade Kim Chong-il's greatness and staunchly fight ahead. Thereby, they should glorify the chuche socialist fatherland's dignity and honor and strongly advance the socialist cause.

South Korea

North 'Imitating' PRC, South Economic Model

SK1503085195 Seoul YONHAP in English 0751 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—North Korea is learning from an economic development model of its rival South Korea, an ethnic Korean professor in the United States has claimed.

Prof. Kil Yong-hwan at Iowa State University made the claim in an article he contributed to the monthly "UNIFICATION AND ECONOMY," entitled "Improvement of North Korea-U.S. Relations and Changes in Inter-Korean Relations."

Limited as it is, North Korea has recently been imitating a "Chinese-style economic opening," Prof. Kil said, adding that China has been opening its economy based on the South Korean economic development model.

"South Korea successfully implemented the economic development model of President Pak Chong-hui, who started from light industries while suppressing human rights, who sent laborers to the Middle East, and who attempted an imbalanced growth rather than a fair distribution," Kil wrote. North Korea is proceeding exactly from this model, the professor maintained.

North Korea, now employing a policy of excluding South Korea in its contacts with the United States, is expected to do the same in its approach to Japan. But as Pyongyang's attempts in approaching the West have "an affirmative aspect," Seoul should support them directly and indirectly, he contended.

Should South Korea persistently pursue a rational and sincere North Korea policy, Kil forecast that the North would modify its unification policy to seek reconciliation with the South.

The North's foreign policy "in some respects resembles the South's North policy," and Pyongyang's unification policy reflects Seoul's North Korea policy, the professor maintained.

As long as the South pursues "unification through the subjugation of communism," no changes can be expected in the North's policy toward the South, he contended.

In reference to the globalization policy of the Kim Yong-sam government, Kil asserted that the most reasonable and constructive attitude for the Kim administration to assume in marking its "globalization era" would be to foster a conducive environment and foundation through which North Korea may participate in the world community by means of reforming itself.

NUB: 1994 DPRK Trade Lowest Since 1978

SK1503032595 Seoul YONHAP in English 0253 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—North Korea's foreign trade plummeted 31 percent to 1,830 million U.S. dollars last year, the poorest results since 1978, the National Unification Board (NUB) said Wednesday.

The North Korean exports stood at 810 million dollars in 1994, down 20.6 percent from 1993, while its imports dropped 37 percent from the previous year to 1,020 million dollars, according to the NUB.

The trade record was the lowest since 1978, when the communist country's trade reached 2,080 million dollars, despite the fact that it concentrated on expanding trade last year.

The board attributed the poor trade mostly to the decrease in Pyongyang's trade with Beijing and Moscow.

Trade with China, the largest trade partner of North Korea, had been on the rise since 1991, but fell 28.4 percent last year, while that with Russia plunged 77.1 percent in 1994 from the previous year.

The NUB analyzed that the plunge in Pyongyang's trade with Beijing is due to the inactive construction business in China following the retrenchment policy of the Chinese Government, China's enforcement of the single exchange rate system and resulting increase in import prices.

Meanwhile, North Korea's exports to Japan rose 20 percent last year, while its imports from the country fell 18 percent. Exports of fisheries products, song-i mushrooms, and rice straw increased, while those of clothing by processing-on-commission trade decreased.

Japan's LDP Postpones Planned Visit to DPRK

SK1503014295 Seoul YONHAP in English 0036 GMT 15 Mar 95

[FBIS Transcribed Text] Tokyo, March 15 (YONHAP)—The visit to North Korea of a Japanese coalition delegation, promoted to help resume Japan's normalization talks with Pyongyang, is likely to be further delayed. The Liberal Democratic Party (LDP), the largest group of the three-party coalition, Tuesday decided to put off the departure date of the delegation from March 16 to March 20. Due to serious internal dissent, however, the visit may be further postponed.

The LDP, opposed to visiting Pyongyang by itself, plans to persuade the Social Democratic Party (SDP) to join the proposed mission. But it is quite uncertain if the SDP will eventually join the delegation, the hegemony of which is held by the LDP.

The chief secretaries of the three parties, including the new party Sakigake, met Tuesday night to discuss the matter of sending a delegation to the North.

The internal dissent focuses on a 1990 tripartite agreement by Japan's LDP and SDP and North Korea's ruling Workers' (Communist) Party, stipulating that Japan must compensate North Korea for its suffering during the 45 years after the end of World War two.

SDP Chief Secretary Kubo Wataru reportedly said at the meeting that "for now, it is not certain whether the Social Democratic Party will join the delegation."

Kubo said it will take time for his party to make a final decision on the matter after discovering the real intention of the North Korean Workers' Party as stated in the 1990 joint declaration.

LDP Secretary-General Mori Yosiro claimed that North Korea informed the LDP of its intention "not to raise the issue of the tripartite accord, but to withhold it." But the SDP, based on its stand that the tripartite agreement should be respected, insists on the need to confirm North Korea's intent.

Meanwhile, the three ruling coalition parties concurred to endeavor for the resumption of the normalization talks with Pyongyang in May.

The Pyongyang-Tokyo rapprochement talks opened in January 1991 but were suspended in November 1992 when the North refused to address the issue of a Japanese woman who was allegedly abducted to the North by North Korean agents.

'For a Certain Period of Time'

SK1403061595 Seoul YONHAP in English 0554 GMT 14 Mar 95

[FBIS Transcribed Text] Tokyo, March 14 (YONHAP)—Japan's Liberal Democratic Party (LDP) decided to put off the visit of a delegation of the ruling tripartite coalition to North Korea for a certain period of time, Yoshiro Mori, secretary-general of the LDP said Tuesday.

The decision came after the Social Democratic Party (SDP) made up its mind not to participate in the joint delegation if it left for Pyongyang on March 16 as the LDP had originally planned.

The new party Sakigake, another coalition party, also proceeded with caution over the issue, according to an LDP source.

The LDP will readjust the visit schedule with the two parties with a view to dispatching the joint delegation before Japan's local elections, the schedule of which will be officially announced on March 23.

Mori said in a press conference on Tuesday morning, "If postponing the departure enables both the SDP and the Sakigake to participate in the delegation, we had better put off the visit. If possible, we hope that the delegation will be able to visit Pyongyang before March 23, when the local elections will be announced officially."

The LDP announced Monday that the three parties of the ruling coalition, having received invitations from North Korea, planned to form a joint delegation to visit North Korea on March 16 to discuss normalization of North Korean-Japanese relations.

Failure of DPRK Reported 'Conspiracy' Noted

SK1403070595 Seoul CHUNGANG ILBO in Korean 14 Mar 95 p 22

[Report by Nam Si-ho from Brussels]

[FBIS Translated Text] In a report dispatched from Seoul on 13 March, the Belgian newspaper LE SOIR reported that North Korea sent a trained student to South Korea to shoot Sogang University President Pak Hong. Pak escaped, however, because the student confessed this assassination conspiracy.

According to the newspaper, following a plan to assassinate ROK figures, including President Kim Yong-sam, North Korea won over a Korean student to its side in Germany, trained him in Pyongyang for the shooting, and sent him to South Korea to assassinate Pak. The student, however, confessed this conspiracy to Pak right before the planned attempt to shoot him was realized, thus the North Korean conspiracy failed.

Meanwhile, this was denied by the investigating authorities, saying that they "do not know anything about it." President Pak is now on an overseas trip.

DPRK Asks UNIDO for Beverage Technology

SK1503010695 Seoul KBS-1 Radio Network in Korean 2103 GMT 14 Mar 95

[By Cha Man-sun from Vienna]

[FBIS Translated Text] North Korea has reportedly asked the UN Industrial Development Organization [UNIDO] for technological support and is also seeking cooperation from Western countries in technology and investment to improve their underdeveloped facilities for producing mineral water and beverages.

Three executives from Korea Taesong Trade Corporation, North Korea's main trading company, visited UNIDO in Vienna on 13 March and since then, have been discussing the transfer of technology for mineral water production facilities.

The Taesong Corporation asked UNIDO for technological cooperation in three areas: Apparatus for packaging and purifying 50,000 tonnes of mineral water per year; the blast furnace for the electric system that will produce six tonnes of glass every day; and equipment for producing various beverages.

Company Said Training North Koreans in PRC

SK1303074695 Seoul CHUNGANG ILBO in Korean 13 Mar 95 p 2

[Report by Choe Won-ki]

[FBIS Translated Text] According to a business source on 13 March, a ROK company is training from 20 to 30 North Korean technicians in Tianjin, PRC.

According to the source, the first group of North Korean trainees already returned to North Korea after receiving technical training from a Korean company active in the PRC. A second group is now being trained.

The two-month course reportedly teaches garment-making techniques. The trainees are provided with meals and accommodations and paid $3 (about 2,400 won) daily.

Regarding the background of the North Koreans receiving training in a third country, the source explained: "The ROK had planned to send ROK technicians to North Korea for local training, but North Korea was reluctant to accept them. Therefore, a third country was selected."

This is the first time since July 1988, when North-South economic cooperation began, that North Korean technicians were trained by a South Korean company active in the PRC or another third country.

The ROK Government approved South Korean technicians' visits to North Korea through its 8 November measure for the promotion of North-South economic cooperation announced in 1994.

A number of ROK companies are consigning garment-making to North Korea and their transactions have reached $190 million a year, which is the reason such training is necessary.

North Denies Entry Visas to Overseas Koreans

SK1503061395 Seoul CHOSON ILBO in Korean 15 Mar 95 p 2

[Report by correspondent Pak Sung-chun from Beijing]

[FBIS Translated Text] On 14 March, North Korea suddenly closed its doors to 23 overseas compatriots, including 15 U.S.-resident Koreans and eight Brazil-resident Koreans, who were scheduled to visit Pyongyang via Beijing.

The 15 U.S.-resident Koreans composed mainly of members of the Korean Businessmen's Council in New York, including a certain Mr. C, 60, and eight Brazil-resident Koreans, including a certain Mr. L, 84, were supposed to depart for Pyongyang by Koryo Air flight JS-152 at 1520 [0620 GMT] on 14 March. But, because the North Korean side did not keep its promise to issue them visas, the compatriots were stuck in Beijing. They were to visit North Korea on business, for tourism, or to see their relatives. They arrived in Beijing between 8 and 12 March under the guidance of North Korea-affiliated travel agencies in New York and Sao Paulo.

Under the guidance of the North Korea-affiliated travel agencies in New York and Sao Paulo, they were scheduled to depart for Pyongyang on 14 March. Each of the U.S.-resident Koreans paid $3,100 for a tour of five days and six nights and each of the Brazil-resident Koreans paid $4,250 for such a tour. After touring the PRC, they went to a North Korea-affiliated travel agency in Beijing prior to their planned departure for Beijing Airport that day. However, the travel agency reportedly did not keep its promise to get them visas issued.

According to these overseas Koreans, the North Korea-affiliated travel agency told them that it had become impossible for them to enter the North, by saying: "Although relevant preparations for the issuance of visas have been completed, Pyongyang authorities have notified us that you will be able to enter the North after 30 March for the Pyongyang festival which will be held next month."

These overseas Koreans who were not issued entry visas, said: "It seems that something is amiss between the Pyongyang authorities and the North Korea-affiliated travel agencies overseas."

They added: "We believed that there would be no problem whatsoever, because the Pyongyang side recently publicized that it would allow overseas Koreans who possess permanent residency in foreign countries to participate in the Pyongyang festival, and because this tour was arranged by North Korea-affiliated travel agencies. If they do not allow us to visit, we will return immediately."

Hong Kong Firm Agrees To Lease Site in DPRK

SK1303073795 Seoul CHOSON ILBO in Korean 13 Mar 95 p 1

[Report by Hong Song-yong from Hong Kong]

[FBIS Translated Text] On 12 March, Huang Jianqi, 58, chairman of the Yazhou Asia Development Group, a real estate development and consulting corporation in Hong Kong, made public that Yazhou had agreed with North Korea to lease a 5 square km site in North Korea's Najin-Sonbong Free Economic Zone for the next 100 years to develop this area into "the North Pacific International Free Trade Zone."

Chairman Huang said he signed this agreement with Kim Chong-u, chairman of North Korea's Committee for the Promotion of External Economic Cooperation, at the North Korean Embassy in the PRC in June 1994. He added that Yazhou would make an advance payment of $2.5 million to the North Korean Government by the end of April, and would invest $100 million in the next three years beginning April 1996 to build the infrastructure there.

Mr. Huang, also president of the 105-story Yugyong Hotel in North Korea, continued that Yazhou would lease an area in Kuryong Plain near Tumen River, which is close to Khasan of Russia in the Najin- Sonbong area, and would also lease a 50 square km site in Chosan Bay in three years.

Government Seeks To Join Weapons Control Regimes

SK1503094495 Seoul YONHAP in English 0930 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—South Korea will take measures necessary to join international regimes for the control of missile, nuclear and biological and chemical weapons technologies in a prelude to joining a new Cocom (Coordination Committee for Export to Communist Area) [Coordinating Committee for Multilateral Export Controls] system which is expected to take shape around the end of the year, according to a Foreign Ministry official Wednesday.

South Korea will take steps to join the Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG) and Australia group on the control of biological and chemical weapons technology transfer preferably by the end of the year, said the official.

"The Cocom member countries call for South Korea to join the separate regimes as a prerequisite to South Korea's joining the new Cocom system," said the official who added that "it's also in the interests of South Korea because the country could enjoy a variety of rights as a founding member to the new Cocom system."

As a full member, South Korea could attend annual and extraordinary meetings of the new Cocom to influence decision-making in the favorable direction toward the country, said the official.

"The country currently abides by most regulations stipulated by the Cocom system as a Cocom cooperating country through a bilateral memorandum of understanding with the United States on the control of missile and other high-tech items," said the official. "We, however, cannot exercise due rights because we are not a member country to the Cocom."

According to him, chances are high that the country could get access to high-tech dual-use (commercial and defense uses) items including weapons and semiconductors when the country joins the new Cocom because other member countries will regard the country as a "safe" country in terms of technology control.

He, however, added that the country has been approaching the issue cautiously when going into details on when and to what extent to join each of the separate regimes because the regimes could affect the country's export industries.

"What we need to consider is how to balance the conflicting interests between exports and imports of high-tech items," said the official.

He also said that the joining of the new Cocom could also help boost the country's image as an advocate of the international peace regime.

The 17-member Cocom system is due to be replaced by a new one probably by the end of the year as it now functions inadequately as the former communist countries, target countries of the system, are moving to a market economy system.

The Cocom member countries are divided over whether to allow the former Soviet bloc countries to join the new Cocom system.

The main purpose of the new regime will be controlling transfer of missile, nuclear and other high technologies to Iran, Iraq, Libya and North Korea.

* Firms Give Forecast for PRC Post-Deng Era

952C0067A Seoul CHUGAN CHOSON in Korean 2 Feb 95 pp 18-19

[By reporter Song Ui-tal: "'Be Conservative with Short-Term Projects but Aggressive with Long-Term Operations': Big Businesses' 'Post-Deng Era' Strategies"]

[FBIS Translated Text] The 20-pyong office of the Korea-China Trade Investment Counseling Service is located on the 47th floor of the Trade Center in Samsong-tong, Kangnam-ku, Seoul. It opened in November last year by joint investment of the Korea Traders Association and the China Committee for the Promotion of International Trade (CCPIT) for the purpose of promoting private-level trade between the two countries. It provides business information on China about economic systems, commercial practices, regional investment climate, etc. Of late, there has been a shift in the main subject matter of counseling in this office. Currently, it is: "Can we expect that there will be no problems doing business in China even after Deng Xiaoping, China's paramount leader, dies?"

Li Shaomei, 27, a Chinese counselor in that office, said that "we have an average of 15 visitors daily from Korean companies that already set up or are planning to set up operations in China. As media have continued to carry reports relating to Deng's death since the beginning of this year, we have been having a rush of visitors and inquiries, in particular from medium and small businesses having no information sources of their own in China, seeking confirmation of specific matters relating to a post-Deng China."

Since Korean businesses began investing in China, a total of 1,895 cases of such investments, amounting to a total of $1,582 billion, were reported as of the end of November last year (on the Bank of Korea approval basis). Thus, China has become the largest country in Korea's foreign investment list both in name and reality. Also, it has been disclosed that the direct trade between the two countries last year surpassed a $10 billion level by far. Along with the United States and Japan, China is now one of Korea's top-three trade partners. It is in this context that our businesses are now deeply concerned about how Deng's death will affect the Chinese situation in general. They are particularly apprehensive of possible frustrations in their business activities should China, adhering to socialism in politics, fall into confusion.

Fueling the concerns are *chaebol* [conglomerate] groups, which are branching out into Chinese markets vigorously with large-scale projects, mainly in the areas of electronics, construction, auto, and communications. Big businesses like Samsung, Hyundai, Daewoo, LG, and Sunkyong are showing busy moves either preparing feasible post-Deng scenarios through their far-flung networks of overseas and on-site corporations, branches, and offices, as well as their auxiliary research institutes, or reviewing their present China strategies and drawing new ones.

In the lead is the "S" Group, a leading business group in Korea, which recently released a 50-odd-page report entitled "Prospects of Political and Economic Developments after Deng Xiaoping's Death" through its economic research institute. The report, portraying Deng as "the person who exercises absolute influence as 'coordinator' of Chinese politics and who has played the central role in China's push for reform and openness," put forward five scenarios as follows:

- Continuation of the present collective leadership centered on President Jiang Zemin;
- takeover by reformists led by Zhu Rongji and Li Ruihuan;
- seizure of power by conservatives led by Li Peng;
- collapse of the CPC one-party rule;
- confrontation between the elite groups and its deteriorations to regional splits and a civil war.

Of these, the "S" Group report presaged that the first scenario has the best chance of coming true for a variety of factors such as that members of the Politburo, the power center, are mostly reformists, and that institutional rectifications relating to the strengthening of stability of the present leadership were made at the fourth plenum of the 14th party Central Committee held in September 1994.

Especially, at a time when there is no leader as charismatic as Deng, it is quite possible that the present collective leadership will continue through the 1997 session of the National People's Congress; the question of which faction will emerge to seize power after that—reformists or conservatives—will be determined by how economic issues and related social problems are handled, said the report. A more fundamental change like a split or disintegration of the CPC will not occur until after the year 2000, it added.

Nevertheless, possible confusion stirred by Deng's death, it predicted, will bring about an economic slump and deteriorations in China's foreign exchange situation, which in turn will cause a marked decline in the 1995 growth rate of Korean exports to China. That is because, the report said, "China will intensify restrictions on consumer goods imports to protect its businesses while increasing pressures for our market opening to bring down its trade deficit."

The report concluded that however, these phenomena will be only temporary and transitional and that as far as our businesses are concerned, they should, from the long-term perspective, be aggressive with their push into Chinese markets. In this connection, the report cited the example of Japanese businesses that refused to waver or withdraw from China at the time of the Tiananmen incident, noting that at the time the Chinese Government showed high appreciation for their behavior and later did many good things for them. It is especially important, the "S" group report says, that our enterprises continue, in short-term operations, the search for promising fields and the push into them to prepare for their competition with businesses from the advanced nations while, on a long-term basis, strive to build networks of personal connections, step up information-gathering efforts, and develop high value-added products.

Majority Foresees Continuation of Collective Leadership

The position of Samsung Corporation, which has branches and offices in 11 regions including Beijing, Shanghai, Guangzhou, and Dalian, is to expand its operations in China under mid- and long-term plans regardless of Deng's death. Yi Hui-su, chief of the China section in Samsung's overseas affairs division, said that "we have plans to build production complexes in Tianjin, Suzhou, and Guangdong. We also have divided China into five zones—Northeast, Rim-Bohai, Yangtze Delta, South China, and Inland—to pursue strategy of specialization in each zone."

The Hyundai Group also disclosed its deep interests in future developments in the Chinese situation by publishing a 10-page report entitled "China After the Death of Deng Xiaoping: Split or Stability?" through its economic social research institute in November last year. The report put forward three scenarios: 1) total chaos from friction between the central and provincial authorities and a flare-up of discontent among minorities; 2) renunciation of the CPC one-party rule and shift to democratic government; and 3) continuation of the collective leadership.

Of the three, the split-China scenario is not realistic because the minorities other than the Hans account for only 5% of the entire population and, moreover, they are divided into 55 nationalities. In regard to a pro-democracy China, the Hyundai report points out that there is little likelihood of it, especially since Deng has made careful preparations for a successor regime over more than a decade, and there is no potential challenge to the CPC and, moreover, there is a consensus among the leading groups in the party for the continuation of the present political leadership. So, says the report, the collective leadership—or a one-superior-leader system based on it—will continue at least through the year 2000.

An interesting aspect of this report is the part dealing with Hyundai's future China-investment strategies. Dr Kim Chong-kyun, who wrote the report, said that "the perception of Chinese authorities, who once offered various incentives to lure foreign businesses for the reform and openness program, is changing these days." "On this occasion," he said, "our firms should explore possibilities of qualitative change in their China operations." In the report, he suggested that they explore ways to develop ties with overseas Chinese firms operating in China, shift to domestic demand-centered markets like the tertiary industry, make investments differentiated for each zone, and to form partnerships with our medium and small businesses in China operations. Elaborating, Dr Kim said that "in this respect it is essential that we train specialists for each zone, devise strategies fitting the investment environment and characteristics of each zone, and structure wide-ranging webs of personal connections in each zone."

Daewoo and LG have not yet released their group-level reports. It is known, however, that they keep a close watch on developments through their planning and coordinating divisions, China branches and research institutes. Yi Chong-su, managing director of the Beijing branch of Sunkyong, Ltd., said that "things are generally quiet here in China despite noisy speculation in the media in Hong Kong, Western nations and in our country." "Just to be prepared for what could happen when Deng dies, we have drawn three or four scenarios. We are fully prepared," he added.

Keeping pace with these moves of the business community, government organizations, including the Korea Institute for Trade and Economics [KITE] and the Korea Trade Promotion Corporation [Kotra], recently published their reports in succession focusing on a post-Deng China. The KITE report said that "adjustments will be made smoothly within the CPC leadership and China will hold to the present line of reform and openness while maintaining elements of socialism." "Just in case tension should rise in China," it noted, "whether or not Jiang Zemin can positively exercise his leadership will prove to be the biggest variable."

The Kotra, in its report based on inputs from its trade centers in Beijing, Shanghai, Dalian, and Hong Kong, presaged that "while basically retaining the reform and openness program, a post-Deng China will find it inevitable to revise the past policies of high growth and lopsided dependence on foreign capital." Yi In-sok, chief of the Kotra China division, said that "Deng's death will be a global thing with an impact several times that of the recent nose dive of the Mexican peso. The death will bolster the conservatives' position and, as a result, it is highly possible that the Chinese Government will shift to a retrenchment policy." "Therefore," he said, "on a short-term basis it is strategically desirable for Korean businesses to be conservative rather than aggressive for expansion. On a long-term basis, however, they are urged to take a further aggressive stance in their push to secure export production bases and domestic-market shares."

Ruling Party Chairman Confers With U.S. Envoy

SK1403111795 Seoul YONHAP in English 1104 GMT 14 Mar 95

[FBIS Transcribed Text] Seoul, March 14 (YONHAP)—Ruling Democratic Liberal Party [DLP] Chairman Yi Chun-ku conferred with U.S. Ambassador James Laney at the Yoido DLP office Tuesday afternoon.

In the meeting that lasted about 50 minutes, Chairman Yi asked for the United States' cooperation in such sensitive issues as the U.S. pressure for broader market opening by South Korea, Korea-U.S. parliamentary diplomacy and the North Korean nuclear issue.

The meeting was also attended by Rep. O Se-ung, chairman of the Assembly Unification and Foreign Affairs Committee; Rep. Pak Chong-su, chairman of the DLP committee for globalization; and DLP spokesman Pak Pom-chin from Korea.

U.S. officials present were political counselor Mark Minton and political first secretary Eric John.

'Enhancement' of USFK Defenses Reported

SK1403060695 Seoul YONHAP in English 0052 GMT 14 Mar 95

[FBIS Transcribed Text] Washington, March 13 (YONHAP)—The Pentagon is improving the the defense capabilities of the U.S. Forces Korea [USFK] against North Korean attacks through sealift deliveries of advanced attack helicopters, tanks, land vehicles and stores of ammunition and other military supplies to South Korea, the DEFENSE NEWS reported Monday.

In a Pusan-datelined story, the weekly DEFENSE NEWS magazine said 20 high mobility multipurpose wheeled vehicles (HMMWV) had been unloaded in South Korea's largest port city in the past two months, with 24 Apache attack helicopters expected to arrive later this year.

The deliveries of material are part of the military modernization and force enhancement plan of Gen. Gary Luck, commander of the U.S.- Republic of Korea Combined Forces Command.

Quoting Lt. Col. Victor Nelson, commander of the U.S. Military Port Command in Pusan that handles sealift deliveries from the United States, the weekly said future deliveries would include 500 more HMMWVS over the next year or so for war reserve stockpiles and 150 M1A1 Abrams tanks in May for deployment to the Second U.S. Army Division North of Seoul and an additional 140 tanks to be stored in the event of war.

In June, the U.S. Forces Korea will receive the first shipment of 93 Bradley infantry fighting vehicles, along with pelletized load systems to more efficiently distribute ammunition in operating areas closer to the Demilitarized Zone, it added.

The fighting capabilities of the U.S. Forces Korea have already been enhanced by the delivery last May of a battalion of patriot antimissile systems and the delivery last November of 19 m1000 series heavy equipment transporter systems to move tanks.

Perry's Remarks on Boosting Defense Funds Noted

SK1503014795 Seoul YONHAP in English 0125 GMT 15 Mar 95

[FBIS Transcribed Text] Washington, March 14 (YONHAP)—U.S. Defense Secretary William J. Perry said Tuesday he would need additional or reprogrammed defense funds if the nuclear agreement with North Korea in Geneva last October is not implemented.

Testifying at the Senate Appropriations Committee's Defense Subcommittee hearing, Perry said, "...If the agreement is not implemented and we find ourselves back in the situation we were in last June, then I would need more funds because we were planning to enhance our deployment in South Korea considerably, faced with the crisis we were facing last June—we would have to come back in for a reprogramming or supplemental if that were to happen."

There are no funds in the fiscal 1996 defense budget that are related to the nuclear agreement, he added.

Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord said the heavy oil provided to North Korea earlier this year cannot be used for military purposes, in a testimony at the Senate Appropriations Committee's Foreign Relations Subcommittee meeting the same day.

He added, "this fuel is heavy bunker fuel not suitable for tanks or planes or other uses of that sort. But we take very seriously the modest amount that was diverted, and we are discussing ways to monitor that more closely in the future.

"Obviously, the main way to monitor that is through intelligence sources that I can't discuss in this open hearing. But we are confident, as we caught this modest diversion, that we can have total surveillance, not only in fuel deliveries but other aspects of the agreement."

Lord remarked one of the messages he carried to Seoul recently when he led a government team to South Korea was that "(there) absolutely has to be parallel progress between the South and the North and between us and the North."

The North Koreans have tried to drive a wedge between Seoul and Washington over the decades but have failed, he observed.

Ministry Decides on Lawsuit Against Lockheed

SK1503024595 Seoul YONHAP in English 0220 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—The Defense Ministry has decided to file a lawsuit against a U.S. aircraft company, Lockheed, with the international court of arbitration, alleging that the U.S. firm gained undue profits from a South Korean corporation in supplying anti-submarine patrol planes to the South Korean Navy.

A senior ministry official disclosed Wednesday that the Defense Ministry decided to file the suit with the arbitration court to get the American company to return 25,750,000 U.S. dollars to South Korea's Daewoo Corp. which played an intermediary role in Lockheed's supply of the anti-submarine patrol plane P3C to the South Korean Navy.

He said Lockheed concluded a "side agreement" with Daewoo to offer 29,750,000 U.S. dollars for its services as an intermediary commission, but only gave 4 million dollars.

The Defense Ministry signed a contract with the U.S. company in 1991 to purchase the patrol planes at 130 million U.S. dollars each. Under the contract, two patrol planes will be issued to the Navy at the end of this month.

PC3 is a kind of reconnaisance aircraft with a 12-hour duration flight on one tank of fuel.

It is also capable of performing airborne command and control as well as playing the anti-submarine role, defense officials explained.

Lockheed has also been designated by the South Korean Government as the contractor to supply 120 F-16 fighters to the South Korean Air Force.

President Interviewed on Relations With EU

BR1403140495 Brussels LE SOIR in French 11-12 Mar 95 p 2

[Interview with South Korean President Kim Yong-sam by Eric Meyer, place and date not given: "His Visit to Belgium, Starting Monday"]

[FBIS Translated Text] [Meyer] Mr. President, as South Korea's first democratically elected president, you have achieved some notable successes in the past two years in combating administrative corruption, and in separating the military and the political. What are your aims today?

[Kim] To reinforce growth, through the potential which comes from the open policy and new freedoms. And to pursue our globalization program: With the people's help, to bring Korea to the level of the world's leading nations, and not only politically and economically, but culturally and morally too.

[Meyer] You speak of integration into the global economy, but does not the systematic protection of the "chaebols" (major consortiums) by the state, the "life assurance" which you grant them in the form of loans and grants, contradict your objective?

[Kim] The "chaebols" have a lot of weight in our economy, but it is a historical phenomenon resulting not so much from systematic state protection as from growth achieved over a period of decades. The reality is that economic power in our country is concentrated in a few business groups, with the resulting problems of inefficiency and inertia. We have already reduced this concentration and encouraged a redistribution of wealth by means of a law on fair competition, plus tax measures. Recently, and on their own initiative, these "chaebols" have been re-sizing their subsidiaries and workforces in order to boost their competitiveness in a limited number of high-tech fields. These are all moves in the right direction!

[Meyer] Your policy of reaching out to Pyongyang is rejected by the North, and doesn't seem to be convincing your own public opinion.

[Kim] North Korea does not take up our proposals. But given the domestic situation, and the death of Kim Il-Song in particular, I believe the future holds many opportunities.

[Meyer] The United States and North Korea are preparing to exchange liaison offices. How do you view this?

[Kim] Despite the signing of a North America-North Korea framework agreement last October in Geneva, relations between the two countries remain embryonic. The United States is standing firm, and before there can be any normalization the nuclear issue must be settled, together with the question of inter-Korean talks, disarmament, the export of missiles, chemical weapons production, terrorism, and human rights. We are not opposed to warmer relations between the United States and North Korea, provided they run parallel with the same process at the inter-Korean level. We hope that Pyongyang will honor its undertakings under the Geneva agreement, including renewed dialogue with us. Finally, the opening up of North Korea and its integration into the international community will help unblock the situation and provide peace on the peninsular.

[Meyer] Why are you making this trip to six European countries, the first of its kind in your country's history after decades of focusing exclusively on neighboring countries and the United States?

[Kim] During the first stage of my mandate, I concentrated my diplomacy on four countries, namely the United States, Japan, China, and Russia, in order to reinforce security cooperation in the Asia Pacific. My trip to Europe reflects the desire to be active in multilateral, universal diplomacy, in line with our globalization objective. We want to broaden our horizons with contacts with the European Union, the world's leading economic bloc. The EU countries are important to us, first of all as leaders in the formation of the new political and economic order, and also as a pressure group in international organizations, and a power which is expanding its economic integration to the political field.

Having said this, I would like to ensure, during this visit, the support of countries ready to help us maintain peace on the Korean peninsula and to consolidate and promote cooperation in economic, scientific and technological, and cultural terms, and with regard to consumer protection. We do not forget that Europe is more than the world's strongest single market, it is also a rich source of high technology and culture!

[Meyer] The EU is preparing a framework agreement with South Korea. But it is also studying a certain number of antidumping cases, following an aggressive penetration of Korean products at unbeatable prices.

[Kim] Korea is working for the EU to become one of its major partners, equal to Japan or the United States, but also to improve our global relations. Questions relating to trade, antidumping problems which already exist between Korea and the EU, and differences of opinion on these questions, must be solved in a global context. As to the planned framework agreement, steps will soon be taken for its finalization, and I believe that an agreement in principle will be concluded at an ad hoc summit.

[Meyer] How does your country see the European Community's future?

[Kim] As a result of its political integration, the EU is in the process of reinforcing cooperation in the fields of defense and international affirmation. Even if, unlike its common trade policies, its efforts will remain embryonic initially, I believe they will progressively develop and the EU will boost its prestige and its voice will be increasingly heard. Economic cooperation naturally leads to political cooperation, but it is difficult at the moment to predict at what point the connection will be made. Finally, I believe that, in order to obtain a clearer view of the EU's future, the discussions between the 16 [as published] on the review of the European Union Treaty in 1996 and to introduce a single currency will be major indicators!

President Kim Yong-sam Returns From Europe

SK1503052695 Seoul YONHAP in English 0517 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—President Kim Yong-sam returned home Wednesday afternoon after winding up his tour of six European countries.

Kim, during his 14-day journey, held summit meetings with French President Francois Mitterrand, Czech President Vaclav Havel, German Prime Minister Helmut Kohl, British Prime Minister John Major and Belgian Prime Minister Jean-Luc Dehaene.

In the summit meetings, he agreed to economic as well as science and technology cooperation with the European Union, and obtained promises of support for the South Korean bid to become a non- permanent member of the United Nations Security Council and a member of the Organization for Economic Cooperation and Development.

Upon arrival at the airport, Kim issued a statement, saying that countries in the world now experience fiercer competition than ever before in every field, as the international society is going through a drastic change for a new order.

"South Korea cannot win the unlimited international competition unless it develops all the fields of its society up to the world's top level," he emphasized.

South Korea must be more determined to push for reforms to become a country leading world peace and prosperity, he said. "I will run in front to lead effectively the globalization policy in all the fields of the national administration."

Meanwhile, President Kim had a summit with Jacques Santer, president of the European Union, on Tuesday and adopted a joint communique in which they promised to conclude at an early date a framework agreement on trade and cooperation and a joint declaration on political dialogue between themselves.

In the communique, Kim and Santer shared the view that the inter- Korean dialogue should be resumed for peace and stability on the Korean peninsula.

At the summit meeting, they agreed to cooperate with each other to effectively push ahead with establishing the information superhighway.

Gives Speech at Seoul Airport

SK1503072995 Seoul KBS-1 Television Network in Korean 0538 GMT 15 Mar 95

[Speech by President Kim Yong-sam upon his return from Europe at Seoul Airport, Songnam, Kyonggi Province—live]

[FBIS Translated Text] My fellow countrymen: I have just returned home after attending the UN Summit for

Social Development in Denmark and visiting France, the Czech Republic, Germany, Great Britain, and Belgium. I believe my Europen trip has given us an important occasion that has greatly expanded the horizon of our diplomacy based on the achievements we have brought about in our diplomacy with the four powerful countries.

The European leaders with whom I have met this time expressed their amazement at the morality of our civilian government and our enhanced national power. I felt great pride in this.

Their high opinion of us is the result of efforts that all of you, my fellow countrymen, have made with blood and sweat. I express my sincere thanks to you.

The largest number of world leaders gathered in one place at the UN Summit for Social Development. At the summit, I introduced our experiences in successful national development to the participants and declared that our country would play a role commensurate with our national power in the international community's efforts for human development and welfare. I also stressed that we would pay more active attention to social development at home, which has been neglected due to our drive for national development.

During my Europen trip, I built a basis for further stepping up relations of diverse economic cooperation between our country and the European countries. I have clearly realized that our advanced European allies consider the ROK, which has achieved democracy and economic development, to be an important partner in mutual cooperation and diplomacy.

I think my trip was a momentous opportunity to promote mutual understanding and cooperation between the EU, the world's largest single market, and the ROK, which is emerging as an important country in the Asia-Pacific region.

Fellow countrymen, through my current visit, I confirmed that the European states, which are playing a leading role in the United Nations, expressed affirmative response to our nation's advance to the UN Security Council.

Besides, our European allies actively supported our policy on North Korea's nuclear problem and national reunification, and promised to closely cooperate with our government in the future.

During my visit to Berlin, I gave a lecture on the trends of global history and reunification of the Korean peninsula, and toured the very site of Germany's reunification.

On the spots of Germany's reunification and of unified Europe, I came to have the firm belief that the enormous might of history is moving toward our reunification.

By exchanging frank and candid views and opinions with EU leaders who are leading the globalization effort, I again confirmed that our globalization [segyehwa] policy is very appropriate and timely, and renewed my determination to accelerate pushing ahead with the globalization plan.

I think that my current visit to Europe was a significant occasion for us to make a great step forward with globalization diplomacy.

Fellow countrymen, today the international community is moving toward a new order. Amid this situation, competition is becoming fiercer in all areas.

Unless all parts of our society make a balanced development into the first-class level in the world, we cannot win in the infinite competition.

Unless we win this competition, we will be forever left out as a straggler, and all of us who are charged with the responsibility for the present age will become irretrievable offenders of history.

In order to make the nation capable of leading peace and prosperity in the world by standing out in the center of the world, we should more vigorously push ahead with the globalization plan.

I pledge once again that in order to effectively push ahead with the globalization policy, I will leap at the van of all fields of the state administration. Taking this opportunity, I ask for active support from and participation of all of you, fellow countrymen.

I sincerely thank you, fellow countrymen, for the warm encouragement extended to me during my visit. Thank you.

Increase in Technology Exports Reported

SK1503091195 Seoul YONHAP in English 0847 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—South Korea's technology exports reached 670 million dollars in 538 cases for the past 16 years, the Korea Industrial Technology Association (KITA) said Wednesday.

The KITA, which receives reports of every technology export worth more than 100,000 U.S. dollars from businesses, said that technology exports stood at around 10 cases during the period between 1978 and 1989.

But the number of cases has rapidly increased since 1990 to rise to 80 in 1992, 105 in 1993 and 129 in 1994.

The exports were only worth around 1 million dollars a year until the end of 1970s, but later soared to 10 million dollars a year in the 1980s. In 1994, the technology exports reached 110,882,900 dollars.

South Korea's technology was transferred mainly to Southeast Asia. China was the largest recipient of South Korea's technology transfer, claiming 28.4 percent of the amount of the transfer last year, followed by Indonesia with 10.9 percent, the Philippines with 8.6 percent, India with 8.4 percent and Malaysia with 6.1 percent.

The KITA said that technology exports increased mainly because South Korean businesses are trying to move their plants to Southeast Asian countries where labor is cheaper.

DP Requests Postponement of OECD Membership

SK1503121495 Seoul YONHAP in English 1127 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—The opposition Democratic Party [DP] on Wednesday decided to urge the government to postpone the planned entry into the Organization for Economic Cooperation and Development (OECD) until a later date.

Party spokesman Pak Chi-won said the party president and vice presidents shared the view at their meeting that if the country joins the OECD late this month as planned by the government, it would lead to the influx of large amounts of "hot money" to the substantial detriment to the national economy.

At the meeting, party Vice President Yu Chun-sang said that if Korea joins the OECD, the country's capital and financial markets would have to be opened completely and Korean products would be subject to tariffs in all other countries.

Besides, Yu asserted, the country would be obliged to hand out 0.7 percent of its GNP, that is, about 2.5 billion dollars, in assistance to developing countries a year.

"Given our economic conditions, it would be proper for us to join the OECD about five years later," Yu said.

The meeting adopted Yu's suggestion and decided to obtain opinions of economic experts before asking the government to put off the planned entry into the OECD, the spokesman said.

Seoul Considers Closing Asia-Pacific Council

SK1303104395 Seoul YONHAP in English 0851 GMT 13 Mar 95

[FBIS Transcribed Text] Seoul, March 13 (YONHAP)—South Korea is considering putting an end to the once 11-member-strong Asia Pacific Council (ASPAC), which played a major role in promoting cooperation among anti-communist countries in the region during the Cold War era, as most member countries left the council due to the collapse of Cold War, according to a Foreign Ministry official Monday.

The council currently has only two member countries, South Korea and Taiwan, as nine other members including Japan, Thailand, Malaysia and Australia bid a farewell to the council during the 1980s amid diminishing Cold War era sentiment, said the official.

ASPAC, which was launched in 1966 with 11 member countries, promoted political, economic, cultural and social cooperation among member countries during the past several decades.

"An annual film festival held last year was the last project undertaken by the ASPAC and the ASPAC Headquarters in Yongdungpo, western Seoul, has no major projects to pursue, although South Korea and Taiwan contribute about 200,000 and 300,000 dollars, respectively, to the council annually," said the official.

Despite high costs, the Taiwanese may want the council to continue as it currently does not have many affiliations with international organizations under the political influence of mainland China, said the official.

He, however, added that "it's very difficult for the South Korean Government to find reasons to maintain the council in the era of Asia-Pacific Economic Cooperation (APEC) and many other regional and global organizations," although he feels somewhat remorseful for the expected closure of the ASPAC, the first international organization launched under the initiative by the South Korean Government.

The ASPAC Headquarters, led by former South Korean Ambassador to Paraguay Kim Hong-su, currently has 10 staff members and is financed by both the South Korean and Taiwanese Governments.

Bipartisan Talks Continue on Local Elections

SK1303133395 Seoul YONHAP in English 1234 GMT 13 Mar 95

[FBIS Transcribed Text] Seoul, March 13 (YONHAP)—The ruling and opposition parties were continuing backstage talks Monday evening over a new idea of allowing political parties to take part in urban area local elections only.

An official close to Democratic Party head Yi Ki-taek said the ruling Democratic Liberal Party has changed its hitherto stand and set forth a concrete compromise plan.

"The two feuding parties considerably neared an accord at the talks on the new method of allowing parties to nominate candidates in the elections of urban autonomous bodies while eliminating any partisan role in county elections," he said.

Noting the bipartisan talks were still going on, the official said the leadership of the two rival parties haven't okayed the new idea yet.

"Therefore, there is the room the talks may break up depending on the attitude of top party leaders," he said.

DLP Considering Acceptance of DP Compromise

SK1403030495 Seoul YONHAP in English 0146 GMT 14 Mar 95

[FBIS Transcribed Text] Seoul, March 14 (YONHAP)—The ruling Democratic Liberal Party (DLP) is considering accepting the opposition Democratic Party (DP)'s compromise on the disputed issue of political parties' nomination of candidates for the local autonomy elections.

A senior DLP official said Tuesday morning the government party is contemplating the DP's demand that allows political parties to nominate candidates for the posts of chief administrator while banning them from fielding candidates for the election of councilmen of the basic administrative units.

The ruling party has so far insisted on banning political parties from nominating candidates for the local autonomy elections of any primary administrative units—counties, smaller cities and wards of larger cities.

"We are studying the opposition party's idea in a forward-looking manner," the DLP official said. The ruling party started to review it after its idea of limiting political parties' nomination to elections of administrative heads in wards of the six largest cities was persistently rejected, he said.

He revealed that the party is seeking to reach a final agreement with the opposition party through a formal meeting of three key post holders each from the rival parties.

Another DLP official said that a senior post holders meeting of the ruling party held Monday night agreed on the need to produce a new concessive compromise proposal to find a breakthrough in the current political deadlock.

DLP sources said that the rival parties may reach a dramatic agreement on the disputed issue Tuesday or Wednesday.

Parties Reach Compromise on Elections Issue

SK1403065795 Seoul YONHAP in English 0619 GMT 14 Mar 95

[FBIS Transcribed Text] Seoul, March 14 (YONHAP)—The ruling and opposition parties have made an agreement on the controversial issue of the local autonomy elections during a meeting of their secretary-generals Tuesday, reliable sources said.

The reported bipartisan agreement allows political parties to nominate candidates for the posts of administrative heads of the basic administrative units, but disallows them to field candidates in the polls for the councilmen of the same local autonomies, said an official of the opposition Democratic Party (DP).

He said the agreement was reached during a meeting between Rep. Kim Tok-yong of the ruling Democratic Liberal Party (DLP) and Choe Nak-to, his DP counterpart, at an unknown place in Seoul.

DLP sources said the rival parties will formally announce the agreement after their key post holders meeting Tuesday afternoon.

Sources at the National Assembly also said the floor leaders of both parties held an unofficial meeting at the National Assembly earlier in the day to discuss procedural matters in announcing the bipartisan agreement.

Under the agreement, political parties will be allowed to nominate candidates in the elections of 236 chief administrators for 103 counties, 68 smaller cities and 65 wards of larger cities across the country.

National Assembly Passes Election Law Amendment

SK1503121395 Seoul YONHAP in English 1202 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—A controversial amendment to the integrated election law was passed through a National Assembly plenary session Wednesday afternoon.

The amendment features the prohibition of political parties from nominating candidates in the elections of council members of counties, small cities and wards of major cities.

Before the passage, however, the ruling and opposition parties agreed to enable local council candidates to, if they wish, publicly profess their partisan affiliation though they will be barred from expressing their choice of parties.

The current 173rd assembly sitting, called one-sidedly by the ruling Democratic Liberal Party, met for the first time Wednesday after it was opened on last March 9.

After going through committee-level activities on Thursday and Friday, the special session would come to an end on Saturday.

Ruling, Opposition Parties Prepare for Elections

SK1503090195 Seoul YONHAP in English 0827 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—The ruling and opposition parties have got down to preparations for the local elections following Tuesday's dramatic settlement to the controversial revision to the integrated election law.

The ruling Democratic Liberal Party (DLP) is hastening the selection of its candidates to run in the four local autonomy elections slated for June 27, shaking off the internal dissent that emerged in the course of negotiations with the opposition party.

The major opposition Democratic Party (DP) is set to inaugurate its election campaign headquarters early next week amid a "jubilant mood" that came from the deal struck with the DLP.

Political observers believe the local election campaigns will be heated as the political parties regard the local elections as a mid- term assessment of the President Kim Yong-sam government's performance over the past two years.

The ruling DLP's election strategies reportedly call for introducing an open competition in selecting the candidates to run for the posts of provincial governors and mayors of the six largest cities, including Seoul.

The DLP is to take account of the opinions of local chapter heads in selecting the candidates for the councilmen of the provinces and largest cities and considers admitting able persons from outside of the party.

The government party will inaugurate an electioneering planning team to be headed by party Secretary-general Kim Tok-yong next week.

Kim said his party will first nominate the candidates for the posts of provincial governors and large-city mayors, then for the chief administrators of the basic autonomy units.

The last nomination, he said, will be the candidates for the posts of councilmen of the primary administrative units—counties, smaller cities and wards of larger cities.

A free and open contest will be employed for the final nomination of candidates for the posts of 15 chief administrators of provinces and six largest cities, a senior party official said.

The party plans to have its central executive council select three prospective candidates for each province and city and then place them in the open competition to elect one final candidate.

The DLP also has special interests in inviting able and prominent figures from the outside, judging that the forthcoming elections will rather be a competition of personality than of money and organization.

In the meantime, the main opposition DP already started preparations for the local elections.

The DP's electioneering committee will be organized early next week to place the party on an election footing.

DP President Yi Ki-taek are likely to assume the chairmanship of the committee to command the election campaign.

Another special intraparty committee will be set up to study ways to strengthen the party's organization and revamp some 49 local chapters across the country which do not have chairmen and are politically inactive.

Party officials disclosed that it will finish nominating the candidates to run for the posts of administrative chiefs by the end of this month or early April at the latest.

The basic strategy, an official explained, is to keep the current mood of party unity through the elections for a sweeping victory.

It also seeks a combined campaign with other splinter parties against the ruling party.

The minor New People's Party is to hold a national convention on March 27 to reshape its organization starting preparations for a possible merger with the DP. But the DP has a negative view on the merger in light of complicated internal problems plaguing the minor party.

Another opposition party, the United Liberal Democrats, will be formally founded on March 29.

The new party headed by former DLP Chairman Kim Chong-pil is expected to have a stronghold in Chunchong Province and Taejon city, according to observers.

They said the liberal democrats will also concentrate its efforts to win in North Kyongsang Province and Taegu city, where the DLP's bases are weak.

Article Notes Regional Disparities in Financing

SK1403025995 Seoul THE KOREA TIMES in English 14 Mar 95 p 9

[FBIS Transcribed Text] Despite the government's strenuous bid to ease the economic concentration in Seoul and the neighboring metropolitan area, regional disparities in financing have deepened over the last few years, according to the Bank of Korea yesterday.

Deposits at financial institutions in the metropolitan area amounted to 302.3 trillion won at the end of last year, accounting for 63 percent of the total of 480.2 trillion won. This figure represents a slight increase from the 61.7 percent in 1992 and 62.1 percent in 1993.

The percentage of outstanding loans extended in the metropolitan area reached 210.2 trillion won, 62.5 percent of the national total of 336.2 trillion won.

These figures indicate the nation's excessively heavy dependence on the metropolitan area in financing, given the region's population and income which stood at 45.3 percent and 45 percent of the respective national totals at the end of 1994, the central bank said.

The Kyongsang region, which covers the Kyongsang provinces, Pusan and Taegu, accounted for 21.1 percent of total outstanding loans, followed by the Cholla region including Cheju-to (8.6 percent) and the Chungchong and Kangwon region (7.7 percent).

For deposits, the regional structure was similar to that in lending, indicating the persistent existence of regional inequality. The Kyongsang region's share of deposits reached 20.8 percent, followed by Cholla (8.3 percent) and Chungchong (8 percent).

The metropolitan area recorded an increase of 27.3 percent in deposits last year, boosted by the sharp rise in Seoul City of 31.8 percent.

Following the metropolitan area were Cholla (25.8 percent), Chungchong (21.8 percent) and Kyongsang (21.7 percent), the BOK said.

Mutual Funds Move Weakens BOK Authority

SK1403013795 Seoul THE KOREA TIMES in English 14 Mar 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The Bank of Korea [BOK] is to be barred from inspections of mutual savings and finance companies (MSFCs), a move which will further weaken the authority of the central bank.

The Ministry of Finance and Economy [MOFE] said it will delegate its right to inspect the 236 mutual savings and finance companies to the Korea Non-Bank Deposit Insurance Corp. (KNDIC), a protector of depositors at MSFCs, merchant banks and investment and finance companies and that the Bank of Korea will be excluded from examining the MSFCs.

This plan is to go into effect sometime from the second half of this year following the revision of the enforcement decree to the MSFC Act, the ministry said.

Under the current rule, the Bank of Korea and the Office of Bank Supervision are entrusted with examining the MSFCs by the finance and economy minister.

MSFCs have outstanding deposits of 23 trillion won (30 billion dollars) and their role is to provide finance to small firms and individuals. They are often called community banks as their maximum loans to single borrowers do not exceed 3 billion won.

The exclusion of the central bank from audits of the MSFCs is expected to anger central bankers, who criticize Finance and Economy Minister Hong Chae-hyong and the MOFE officials for an orchestrated attempted to undermine the role and authority of the central bank.

Even through the National Assembly has yet endorsed the government's plan to merge the three financial supervisory organizations into a single agency, the Ministry of Finance and Economy has begun to exclude the central bank from inspections of financial institutions, analysts said.

The central banks is worried about the possibility of thnment's revision to the Bank of Korea Act passing at the National Assembly. The passage of the BOK Act revision bill, if it takes place without the consent of central bankers, will make the central bank merely "one of the committees of the dinosaur-like Ministry of Finance and Economy," central bankers said.

The government is also pushing for the introduction of the deposit insurance system for bank customers. Central bankers said the bank deposit insurance system must be handled by the central bank but the Ministry of Finance and Economy plans to exclude the central bank from management of the protection system, which is to be implemented possibly from next year.

Central Bank Reports Economy 'Overheating'

SK1503090795 Seoul YONHAP in English 0833 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—The Bank of Korea on Wednesday provisionally placed the economy's growth rate at 8.4 percent on a gross domestic product (GDP) basis for last year, indicating the economy is moving from booming to overheating.

Without measures to cool the overheating, the economy will face such vicious cycles as runaway inflation and balance-of-payments deficits, economists warned.

The nation's GDP rose 14.2 percent from 1993 to 305 trillion won (381 billion U.S. dollars) on a 1994-price basis last year, while the GNP increased 14.1 percent to 302 trillion won. This indicates the nation has surpassed Russia to become the 11th largest economy in the world.

The per capita GNP climbed from 7,513 dollars in 1993 to 8,483 dollars last year, a promotion from 36th to 32nd in world rank.

Booming exports, increased corporate investment in plants and equipment and expansion of the service industry are credited for the 8.4-percent GDP growth on a 1990-price basis last year, the fastest pace since 1991 which registered a 9.1-percent increase, according to the Central Bank.

While agriculture-forestry-fisheries and construction recorded the single-digit growth rates of 1.2 percent and 4.6 percent, respectively, manufacturing and services boasted two-digit rates of 10.4 percent and 10.7 percent, respectively.

In the final quarter of last year, in particular, the economy grew 9.3 percent from the year before, thanks to a rapid increase in exports, facilities investment, private consumption and construction, showing the economy began its overheating.

The overheating continued into this year, making it necessary for the government to take measures to slow the pace of economic activities.

The GDP increased 5.1 percent in 1992 and 5.8 percent in 1993.

Bank Adopts GDP-Measured Economic Growth Rate

SK1503091395 Seoul YONHAP in English 0840 GMT 15 Mar 95

[FBIS Transcribed Text] Seoul, March 15 (YONHAP)—The Bank of Korea has changed the measure of determining the economy's growth from the gross national product (GNP) to the gross domestic product (GDP).

The Central Bank, announcing a GDP-measured economic growth rate for 1994 Wednesday, said it would continue using the GDP measure because the GDP reflects economic movements more accurately than the GNP.

While the GDP is the total value added by resident producers, including foreign-invested producers, of a country during a year, the GNP is the total value of income received by residents of a country in prices of land, labor, capital, technology and other factors of production during a year.

Accordingly, the GDP does not include wages, interest, dividends, royalties and others paid overseas but the GNP includes such payments received from abroad.

In other words, the GNP includes payments from foreign countries, though they are part of the production in foreign countries, but excludes payments to foreign countries, though they are directly related to domestic production.

With international capital movements and technology transfer increasing, the amount of such payments to and from foreign countries is also increasing, resulting in an ever-widening gap between the GNP and the GDP to destabilize the relationship between the two measures of economic growth.

Against this backdrop, Organization for Economic Cooperation and Development (OECD) countries began in the 1970s using the GDP as the measure of their economic growth and Japan followed suit in 1993.

Because the GDP better mirrors movements of the economy than the GNP and because the nation will join the OECD next year, the measure of economic growth has been shifted from the GNP to the GDP, the Central Bank explained.

Tax Investigators Plan To Check on Businesses

SK1303104295 Seoul YONHAP in English 0857 GMT 13 Mar 95

[FBIS Transcribed Text] Seoul, March 13 (YONHAP)—Tax investigators will look into 4,200 corporations, 3.7 percent of the 112,000 registered corporations at the end of 1994, to determine if they have dodged taxes over the past two years.

Under the 1995 corporate tax inspections guidelines to be announced by the National Tax Administration (NTA) Tuesday, the 4,200 corporations targeted for the probe, 393 more than the number inspected last year, include 650 large companies with last year's turnover of more than 10 billion won, representing 12 percent of the 5,420 large businesses registered at the end of 1994, and 3,550 smaller businesses, 3.3 percent of the total 106,842 registered small businesses.

Of these, 400—50 large and 350 small—will be subject to "difficult and lengthy" special inspections as they are suspected of having filed "dishonest returns" related to their income last year and the remaining 3,800 for "simple and short" general inspections.

Excluded from the inspections which will start in May are corporations which were set up within the past five years, small manufacturing or export companies facing financial difficulties and corporations which have undergone tax investigations within the past three years.

Professor Urges Reduction in Military Force

SK1503012195 Seoul THE KOREA HERALD in English 15 Mar 95 p 3

[FBIS Transcribed Text] A local military expert has proposed that the nation's 650,000-strong military force be cut by 200,000 over the next 10 years to push its modernization programs more effectively.

The proposed reduction could be used as a "card" in future talks with North Korea, said Na Ki-san, a professor at the Defense Ministry-affiliated National War College.

His plan calls for reducing 100,000 by the year 2000 and another 100,000 by 2005.

Predicting that about 12.4 trillion won (approximately $15 billion) would be saved from the reduction, he suggested the amount be spent on programs to build up the nation's defense capability.

He made the proposal, observing that the chances of war on the Korean Peninsula will be low for a decade to come.

"It seems that major powers do not want to see an abrupt disintegration of North Korea. It seems also unlikely that the North, which is now suffering from serious economic difficulties, would dare to trigger a war," he said during a seminar held at the War Memorial Museum in Yongsan, Seoul.

"In my opinion the chances of war here will be lower over the next 10 years than in any previous periods," he added.

On the basis of his observation, he said that the next 10 years will be the optimum period for the nation to upgrade the technological level of its armed forces.

The 12.4 trillion won to be saved from the reduction should be allocated to the Army, the Navy and the Air Force with the ratio of 3.5:3:3.5, the military expert suggested.

On concern that the reduction would further expand the gap between South and North Korea in terms of the number of active-duty soldiers, he said the nation could cope with the problem by operating the reserve forces more effectively. The North has a 1.2 million-strong military force.

* Article Discusses Tasks, Future of Military

952C0065B Seoul WOLGAN CHUNGANG in Korean Jan 95 pp 338-349

[By senior reporter Kim Chun-pom: "The Return of the Peacetime Operational Control and Tasks Imposed on the ROK Forces"]

[FBIS Translated Excerpts]

- We need to strive to end dependence on the USFK for North Korea intelligence;
- We should step up the training of officers for strategic, tactic research to develop operational control capabilities;
- Joint forces system under which the chief of the general staff commands the three services is more desirable.

Shift to NATO System

Effective zero hour 1 December 1994, the peacetime operational control [POC] over the ROK Forces [ROKF], which had been exercised by the commander of the ROK-U.S. Combined Forces Command [CFC], was returned to the ROKF. Although the CFC commander still maintains the wartime operational control [WOC], the transfer of the POC is said to have fully bolstered the image of the ROKF as an independent army.

It was 44 years ago, immediately after the outbreak of the Korean war on 25 June 1950, that the ROKF operational control was turned over to General MacArthur, commander of the UN Command [UNC], by President Syngman Rhee.

The ROK thus has regained its operational control and can use it for all its forces, the Army, Navy, and Air Force, independently of the U.S. Forces in Korea [USFK] as long as there is no war on the Korean peninsula.

In short, the chairman of the joint chiefs of staff [JCS] of our side exercises the operational control over the ROKF in peacetime; at a certain point of time when a threat of war becomes apparent, the ROK-U.S. CFC commander will take over the overall operational control over the ROKF as well as the USFK. Military responsibilities have thus been newly defined between the ROK and the United States, it can be said.

This system under which the host country exercises the POC while the U.S. Forces stationed in that country hold the WOC is common in NATO countries.

In the case of NATO countries, they independently exercise the operational control over their respective forces in peacetime but, in wartime, their forces come under the operational control of the NATO commander (a U.S. general). This system is known as "NATO system"

Conversely, in Japan's case, the U.S. Forces in Japan [USFJ] and the Japanese Self-Defense Forces [JSDF] maintain a unique system under which they exercise their operational control over their respective forces separately and independently both in wartime and peacetime.

Neither in peacetime nor in wartime does the JSDF come under the operational control of the USFJ commander. For convenience sake, it is called the "Japan system."

The POC transfer issue surfaced basically as a result of the so-called Nunn-Warner amendment calling for a phased reduction of the U.S. Forces in the Pacific area, including the USFK, following the collapse of the East-West Cold War order.

Removes Source of Vilification by the North

By the amendment, the USFK role has been redefined, putting it in a "supportive position" instead of the "leading position" in the past. It was in this context that the POC was transferred to the ROKF.

Since it is the operational control confined to peacetime that has been returned, the transfer is more of symbolic and historical significance than of practical significance.

In regard to the significance of the POC transfer, it can be said, first, that it lifts the status of our side a notch in North-South relations.

North Korea continued to vituperate at every opportunity that "South Korea is not a party to the Armistice Agreement. It even has no operational control over its army. We cannot negotiate with a state like that." In that respect, the POC transfer is of great significance in that it preempted future vituperations by North Korea.

To some extent, the action also had the effect of driving a wedge into calls that had been on the rise among college students for U.S. troop withdrawal from Korea.

Concerning the troop mobilization by the new ROK military leadership at the time of the 1980 Kwangju pro-democracy uprising, there were suspicions prevailing among college students and the public that it could have been made possible because the CFC commander had given them a prior approval.

Another significant point is that by the transfer the ROK JCS has established its status as the supreme decision-making body of the military chain of command both in name and fact. The JCS chairman previously had no authority to freely exercise the operational control over the three services.

In connection with the POC transfer, the public would be most interested in knowing what specific changes it will bring to the operational and command systems between the ROK and the United States.

What is the new scope of the JCS chairman's operational control? How is peacetime distinguished from wartime? Specifically, at what point of time is the operational control transferred to the CFC commander? Who makes the decision as to wartime or peacetime, and how?

The JCS chairman (current chairman: Gen. Yi Yang-ho of the Air Force), the highest-ranking officer in the military and the supreme commander for all practical purposes, had authority to independently exercise the operational control in both wartime and peacetime for only four units—the Capital Defense Command, the Special Warfare Command, the 2d Army Command, and the 20th Div. of the 3d Army Command.

All the ROKF but the four units, including the 1st Army and 3d Army command, the Navy Operational Command, the Air Force Operational Command and the Air Defense Artillery Command, had been outside the JCS chairman's operation control. The U.S.-ROK CFC commander was in control of their operations.

JCS Chairman's Prestige Enhanced Substantially

The POC transfer has empowered the JCS chairman to again exercise the control over the ROKF that had been delegated to the UNC commander for the past 44 years, independently, namely, without the CFC commander's approval.

Thus, it can be said that among operations for which the JCS chairman is empowered to independently exercise the POC are, specifically: control and warning, patrol activities, unit movements, military preparedness, joint maneuvers of the three services, strategic response to inadvertent conflicts with a third country occurring in the territorial waters or airspace, and independent development of military concepts by the ROKF.

In the past, duties of control and warning for the east, west, and south coastlines as well as the 155-mile truce line, and even that for the areas where ROK units are stationed, had been under the authority of the CFC commander. Furthermore, patrols by ROK naval ships and air force craft were subject to the approval of the CFC commander.

Especially, moving units or troops for training purposes was one of the major items on the CFC commander's control list. In case ROK authorities wanted to move any units or troops—except those under the JCS chairman's independent operational control including the Capital Defense Command, the Special Warfare Command, the 2d Army Command—they were required to report it to and obtain the approval of the CFC commander. [passage omitted]

Especially noteworthy of the POC that has been transferred to the ROKF is the fact that the JCS chairman now has the authority to conduct operations for military preparedness such as counterespionage operations, independently without the prior approval of the CFC commander. In other words, he can now independently plan and implement counterespionage exercises held annually, operations for military preparedness at the times of international events such as the 1988 Seoul Olympic Games and for preparedness strategies during a foreign tour by the president and his resultant absence, and responses in the event of a sudden change in the North Korea situation.

At the time of the death of Kim Il-song on 9 July, the JCS and CFC reportedly showed basic disagreement over the matter of how to maintain our side's military preparedness.

The JCS insisted on putting the whole ROKF on a special alert but the CFC took the position that the situation could be an emergency for North Korean authorities but not for the South to warrant a special alert, and that stepped-up vigilance would suffice. At the end, a special alert was called only for the ROKF but not for the USFK.

Furthermore, in cases of an inadvertent conflict with a warship or aircraft of a third country in the nation's territorial waters or airspace or of the ROK Army, Navy, and Air Force holding a joint maneuver, the JCS can act independently and is no longer subject to the prior-approval requirement.

This does not mean, however, that the POC has been transferred to the JCS in entirety. Joint operations such as the "Team Spirit" and "Focus Lens" exercises, development of joint concepts, and the overall joint crisis management will continue to be under the control of the CFC commander. [passage omitted]

The USFK currently have diverse resources including U2R aircraft in intelligence-gathering operations, analyzing North Korean military movements in detail on the basis of intelligence thus obtained. It monitors and analyzes various intelligence about major military facilities, troop movements, and traffic on main highways on a round-the-clock basis, and in double and triple ways.

The ROKF and USFK jointly participate in such intelligence-gathering activities but equipment used is mostly provided by the USFK. Furthermore, key members of such intelligence activities are also USFK personnel or its civilian specialists.

CFC Cmdr. Takes Over Control in Def-Con 3 or Higher

In intelligence activities, how intelligence reports obtained are analyzed is more important than how they are obtained. And herein lies the possibility of major disagreement between the USFK and ROKF. In other words, the same intelligence reports can lead to marked differences in accuracy depending on who analyzes them. The ROK JCS and the USFK maintain the gathering and detailed analysis of intelligence on North Korea on a round-the-clock basis, reporting the results to their respective defense ministers every morning.

The means of intelligence gathering are divided roughly into three types—signal intelligence, image intelligence, and human intelligence. Intelligence gathered by signal and image means must be confirmed through human means. One of the blind spots in the USFK and ROKF intelligence capabilities is the very weakness of human intelligence.

Human intelligence, in another word, is intelligence activity through planted spies. Although its high-tech intelligence resources are meager, North Korea is incomparably superior in the human intelligence area. It is because the USFK and ROKF, for a variety of reasons, are unable to develop human intelligence sources in North Korea.

Should questions arise in the course of analyzing North Korean military movements as to whether the situation should be declared a Def-Con [Defense-Condition] 4 or Def-Con 3 situation, it is absolutely for the ROK and U.S. authorities to determine jointly. In the past, judgment on whether the present situation should be seen as one on the brink of war or still in a peacetime state had been made solely by the CFC commander, but in the future both the USFK and the JCS will work jointly to determine it.

Therefore, if the ROK and the United States should decide that it is a wartime situation, after analyzing the degree of the North Korean threat by the Identity & Warning List and coordinating the Def-Con velocity, then the JCS chairman's POC is turned over to the CFC commander immediately.

It was immediately after the inauguration of the Sixth Republic government of President No Tae-u that the POC transfer issue was first raised in an open debate. The Sixth Republic government had just put forth the "national self-reliance" as a goal, then launched a vigorous push for a settlement on three issues pending at the time between the ROK and the United States.

Those three issues were: switching the UNC senior delegate to the Military Armistice Commission from a U.S. general officer to an ROK general officer, relocating the USFK Yongsan base to Seoul's outskirts (dubbed the "Yongsan project"), and having the POC transferred to the ROK.

Of them, agreements were reached on the first two by the time the No Tae-u government reached its half-way point. With regard to the Yongsan project, however, the ROK subsequently found it impossible to honor its part of the agreement, i.e., completing it by 1997, for reasons involving its side. Consequently, it is virtually back to a clean slate.

1990 Call for Transfer Sparked Controversies

Thus, the POC transfer issue was first raised in 1990 when the Sixth Republic government was at its half-way point. President No Tae-u, conscious of the rising tide of anti-U.S. demonstrations and calls for the withdrawal of U.S. troops among college students, took a tenacious stand to have the POC returned to the ROK side—if not the WOC, too—during his tenure.

However, opinions were divided over the issue, even within the JCS. Those against an early return argued that if the POC should be returned when the ROK was still dependent on the USFK for North Korea intelligence, it would be "an act as reckless as the blind brandishing a sword." They insisted that it is premature.

They called for a more cautious approach, accusing the government of being too preoccupied with the cause of "national self-reliance" to show any realistic concerns about military interests, and of seeking the return of the operational control just for the sake of it.

Strictly speaking, it is no exaggeration to say that almost no countries other than such military giants as the United States, Russia, and China maintain their defense capabilities independently. The fact is that they all rely on mutual, organic arrangements of cooperation between allies.

Conversely, those advocating an early return of the operational control argued that "since it is impossible for us to raise our intelligence-gathering capabilities to U.S. levels anyway, we should recover the POC first, then gradually foster our capabilities."

They also argued that only by retrieving the operational control can we build up our image as an independent state in North-South relations. All these years North Korea has openly expressed its intent to directly negotiate with the United States, shunning the ROK on grounds that "we cannot have a dialogue with a state that does not even have the operational control over its Army."

The controversies within the JCS were also linked basically to the intelligence capability issue. Some said that exercise of the operational control minus intelligence is a synonym for recklessness, while others asserted that we indeed are yet to develop our intelligence capabilities but that does not mean we should leave the operational control over our Armed Forces in the hands of the United States indefinitely." Both arguments had their rationales.

Different Commanders for War and Peacetime To Cause Problems

Meanwhile, at the 24th ROK-U.S. Security Consultative Meeting (SCM) held in Washington in October 1992, the two countries agreed on the return of the POC for the ROKF to our country by the end of 1994. Then, the date of return (1 December 1994) was officially picked at the 25th SCM held in Seoul in 1993.

Thus, the agreement on the POC transfer was reached despite the differences at home, thanks to the tenacious press for it by President No Tae-u and Kim Chong-hwi, then senior presidential secretary for foreign and national security affairs.

Chongwadae's original goal was to secure the POC transfer while President No was in office. As negotiations with U.S. officials ran into snags, however, it revised the plan, settling on "reaching agreement during the term" of President No. Thus came the 1992 accord.

In the process, the USFK side first did not readily agree to the return, reportedly because of fears that the POC transfer, if carried out, could not only put the USFK in an unfavorable position toward the Congress in terms of its role and status but also eventually lead to Congressional calls for its withdrawal from Korea.

In short, the USFK worried that if the argument proliferated in the Congress there would be no need for U.S. Forces minus POC to be stationed on the Korean peninsula, it could definitely be an embarrassment to the CFC.

The two countries reached the agreement on the POC after lengthy negotiations. However, for the CFC commander whose mission is to lead war to victory in the event of an emergency on the Korean peninsula, it perhaps was unbearable to see the operational control reduced to a dual system, WOC and POC.

In this connection, concerning ceremonies marking the POC transfer on 1 December, the CFC had reportedly unofficially expressed a desire for low-key coverage by Korean media.

Considering the fact that the peacetime troop training and education inevitably is always aimed at preparedness for wartime, it can also be a persuasive argument that the ultimate wartime commander should be in control of the training and all other operations in peacetime.

War is not necessarily the result of gradual deteriorations from a peacetime state. It can break out at an unexpected moment. Therefore, full consideration should be paid to operational problems that could arise under the system of two separate commanders, one for wartime and the other for peacetime.

In view of the "one theater, one commander" principle, too, this is a particularly important matter in a small region like the Korean peninsula.

Now that the POC transfer—which was first pushed by the Sixth Republic government as one of the goals of its "national self-reliance" program—has become a reality, the ROK should strive to strengthen the functions and status of the JCS more than anything else.

Effective 1 October 1990, the JCS bolstered its status from an advisory body for the minister of national defense to the supreme decisionmaking body of the military chain of command. The so-called "18 August military structural reform" established the dual system under which the JCS exercises the commanding authority for all the task forces while the command headquarters of each service holds the administrative authority for personnel and logistic affairs.

As a result, the post of martial law commander, previously occupied by the Army chief of staff, was also shifted to the JCS chairman, the highest-ranking military officer and the supreme conning tower of the military chain of command. The reform lifted the authority of the JCS chairman that much.

JCS Need for Superior Talents

Nevertheless, it was a fact that the JCS failed to develop the status and influence worthy of its newly found position as the supreme conning tower in the military chain of command, both in name and reality. The reason: Under the limitations imposed on the JCS chairman by the division of the right of administration and the right of command, the JCS chairman has no right of personnel management even on officers of the JCS.

The right of personnel management is directly linked to the military morale. Viewed in this light, problems caused by the fact that the chief of staff of each service holds the right of personnel management over JCS officers have indeed reached serious proportions.

In fact, JCS officers were found lagging considerably behind their colleagues at the command headquarters of each service in their promotions for 1993 and 94. In the case of Army officers assigned to the JCS, their promotion rates were approximately 30% of those in the Army command headquarters. This has become a fatal factor sapping the morale of personnel.

Furthermore, under these circumstances, promising talents would prefer to be assigned to the command headquarters of each service rather than to the JCS, while the chief of staff of each service, too, who has the right of personnel management, would try to keep them in his headquarters rather than assigning them to the JCS. Thus, the egoism of each service is inevitably becoming a dominant trend.

Openly uttered among officers are words such as *yukpangbu* [the Ministry of Army National Defense] and *hapcham p'udaejob* [cold treatment of JCS]. This fact alone shows that the JCS is far less popular among career officers than the command headquarters of each service.

To bring this bizarre phenomenon to an end, some insist with persuasion that the present system should be revised to give JCS chairman the right of personnel management on JCS officers at least. In short, since the JCS's role and responsibility is so important that it should be given authority commensurate to it, they say.

In the U.S. case, its JCS, too, had been held in a relatively low status in the past in comparison with the command headquarters of each service. Then came the passage of the Goldwater-Nichols Defense Reorganization Act in 1986, which pushed it up to the top of the military chain of command.

The U.S. legislation, designed to structurally enhance the authority and status of the JCS, expressly stated that "the promotion rates of the command headquarters of each service shall not exceed those of the JCS" and that "officers who have not served in the JCS for a certain period of time are not eligible for promotion to the ranks of general officer." It was thanks to that institutional device created by the Congress that the JCS could rise to a status as high as we see it today.

It has been pointed out that the ROKF, seizing on the opportunity provided by the POC transfer, should step up the training of operational and other combat command specialists. It was a fact that the ROKF in the past had been indulged in an easy way of thinking, relying on the USFK with the sort of notion that "they will do whatever needs to be done in operations come the time of emergency."

This led to the creation of a bizarre climate in which personnel officers and information officers have more opportunities for promotion than those assigned to strategic and tactical studies. In the strategic and tactical areas, too, the ROKF has been largely dependent on the USFK, with cases of military concepts independently developed and practiced by the ROKF being extremely rare.

Long-Term Goal Should Be Joint Forces System

Speaking of the Korean peninsula defense strategies alone, the old "hold-to-the-truce-line strategy" was replaced with the "concept of offensive-type defense" in the early 1970's, which shifted to the "air-land battle strategy" in the 1980's. All of them were strategic concepts developed by the U.S. side, not by our side independently.

To have capabilities to exercise the WOC eventually, as well as the POC, we should begin developing our own substantial, independent operational control capabilities now.

Another task to be resolved by our military is the adoption of joint forces system in place of the present combined forces system. The present system is a compromise made in the days of the Sixth Republic; the government then, under the "18 August reform" program, first tried to adopt joint forces system but met with so strong resistance from each service that it chose to settle on the present system.

The push for joint forces system resurfaced in 1993 again to meet with resistance from the National Assembly and media; the military withdrew the plan on its own, saying "forget it." But all agree that joint forces system is far more desirable than the present combined forces system for effective, economic operations of the military forces. In fact, joint forces system is adopted by most countries except the United States and major European nations such as the UK and France whose military branches have a long tradition and are huge in size. North Korea and Israel are the typical examples of countries using joint forces system.

In short, joint forces system means a military structure in which the chief of the general staff is solely in charge of operational command of the three services instead of each service maintaining its headquarters and operating on a separate, independent basis. Especially, in countries like ours maintaining small-scale armed forces, joint forces system, which is technology intensive and unified in the chain of command, is more desirable than the existing combined forces system in which different services are juxtaposed with one another.

Joint forces system makes it possible to unify the individual command headquarters and the military police, troop information and education and other branches as well as the military academies currently maintained separately by each service, improving cost effectiveness and paving the way for economical military operations.

However, when debate favoring joint forces system began in early 1993, immediately before the start of the Kim Yong-sam government, it met with strong resistance from critics in all walks of life. Without even trying to be more scrupulous and find out what sort of system it is or what background it has, they categorically concluded that it would give the JCS chairman too much power, creating fears of a coup by the military. Thus, the debate fizzled out before going anywhere.

The transfer of the POC from the CFC commander to the JCS chairman has raised the prospects of new changes in ROK-U.S. military relations. If it should cause less closeness or inconveniences in the relationship, it will not be in the interest of security on the Korean peninsula.

In short, we cannot rule out the possibility of unprecedented setbacks in ROK-U.S. military relations should the transfer lead to escalated calls for the withdrawal of U.S. troops from Korea or to negative appraisals of the role and functions of the USFK.

Military experts are unanimous in saying that there is the need for the continued stationing of U.S. troops in Korea. It is therefore imperative that ROK-U.S. military relations be maintained in the best possible condition. It was precisely in this context that JCS Chairman Yi Yang-ho, addressing the Ministry of National Defense ceremony on 1 December marking the POC transfer, emphasized that "it is necessary to further strengthen the ROK-U.S. defense alliance and ensure close cooperation between the two nations."

In his speech that day, the JCS chairman stressed: "We should maintain our own war-directing system and war-prosecuting capabilities so as to be able to operate large-scale war potentials on our own, and even after the transfer of the POC, the ROK-U.S. alliance in defense should be maintained even more solidly through further cooperation."

No Exemption Plan for Firms Without Disputes

SK1503010995 Seoul THE KOREA TIMES in English 15 Mar 95 p 8

[FBIS Transcribed Text] The Ministry of Finance and Economy [MOFE] has withdrawn its plan to exempt companies free of labor disputes tax audits.

Deputy Premier and Finance and Economy Minister Hong Chae-hyong indicated early this year that the government would not undertake tax investigations of companies trying to stabilize wages.

The MOFE tried to encourage enterprises to increase wages as little as possible by pledging to give tax favors to firms making such efforts.

But in less than three months, the MOFE has withdrawn its plan after meeting strong opposition from both the Office National Tax Administration [ONTA] and unionized workers of enterprises.

ONTA gave no indication it would not undertake tax examinations of companies free of labor disputes in its tax examination plan for 1995 which was announced Monday.

This means that the MOFE's plan has not been reflected in ONTA's tax policy this year.

A MOFE official admitted that the government has shelved its plan to link tax examinations with labor policy.

REUTERS Seoul Branch Reports Labor Dispute

SK1303071395 Seoul YONHAP in English 0613 GMT 13 Mar 95

[FBIS Transcribed Text] Seoul, March 13 (YONHAP)—The trade union of the Seoul branch of REUTERS' Hong Kong Ltd. reported the outbreak of a labor dispute to the Labor Ministry Monday, as wage negotiations have hit a snag.

The trade union, led by Chairman Kim Myong-hwan, argued that REUTERS reporters here had endured relatively lower wage hikes than other foreign news agencies in Seoul in the past several years, and that REUTERS presented a lower wage raise than average wage increase rates in South Korea this year, too.

The labor and management are required by law to have a 10-day cooling period from Monday, and if the dispute is not settled during the period, the labor union will summon a general meeting to decide if it will go on strike, Kim said.

Kim said that the annual salary of Peter Job, chief executive of REUTERS in Britain, was raised by 32 percent in a shareholders meeting to narrow the wage gap with chiefs of rival news agencies.

"Therefore, it is unfair that the British news agency refuses negotiations for reasons of a limited budget," Kim said.

The labor union is asking for a 25-percent increase in annual salary while management is offering an 8-percent raise.

Plans for Information Superhighway Unveiled

SK1403060795 Seoul YONHAP in English 0207 GMT 14 Mar 95

[FBIS Transcribed Text] Seoul, March 14 (YONHAP)—The government finalized a master plan for the development of an information superhighway substructure at a high-level meeting presided over by Prime Minister Yi Hong-ku Tuesday.

The plan will lay the groundwork for a behemoth information superhighway to be realized at an estimated cost of 45,245 billion won (56.6 billion U.S. dollars) by 2015.

The government will invest 1,825 billion won and private industries 43,420 billion won.

The plan calls on relevant cabinet ministries to prepare detailed programs in their respective areas by June for presentation to President Kim Yong-sam.

In the meeting, Prime Minister Yi said the Finance and Economy Ministry should draft an overall financing program, while studying measures to support each ministry's program.

Stressing the need for participation from the private industry, Yi told Information and Communications Minister Kyong Sang-hyon to encourage private industries to take part in such projects as information network building and software development by removing obstacles to their involvement.

The Information and Communications Ministry should also cooperate with the Defense and Education Ministries in training information and telecommunications specialists, especially those in the multimedia and software industries.

By June, the government will have prepared a funding plan for information superhighway substructure construction.

Brunei, Malaysia & Singapore

Malaysia

Mahathir: FORTUNE Report 'Impertinent'

BK1503062195 Kuala Lumpur BERITA HARIAN in Malay 14 Mar 95 p 2

[FBIS Translated Text] Datuk Sri Dr. Mahathir Mohamed has described as impertinent a report by FORTUNE magazine that Malaysia will meet the same fate as Mexico.

The prime minister said that such a report is a journalistic illusion and that everyone must believe in what they write.

"What do they know about our country? Malaysia and Mexico are not similar. We take a strong and careful view of even trivial matters.

"We consistently monitor our economy. I don't think that other countries focus on inflation as we do," he told a news conference here yesterday evening.

He was asked to comment on the report of the 6 March edition of FORTUNE that claimed that the Malaysian economy would meet the same fate as Mexico's.

Dr. Mahathir said that Malaysia is very serious about ensuring political and industrial stability, and this is not the case in other countries.

"Thus, how could reporters of the magazine draw a comparison between Malaysia and Mexico? Any reports about this country must be based on its strengths and weaknesses. The country should not be lumped together with another country," he said.

The prime minister said he does not know why such reporters were so interested in making negative predictions about Malaysia.

Minister Criticizes Japan on ASEAN Agenda

BK1403160795 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 14 Mar 95

[FBIS Translated Text] International Trade and Industry Minister said Japan cannot prevent participants at the ASEAN meeting with its three dialogue partners from discussing whatever issues they had listed on the agenda.

She said that it was not realistic for the Japanese official to suggest to Thailand not to include the issue on the East Asia Economic Caucus (EAEC) on the agenda at the meeting between ASEAN and South Korea, Japan, and China in Phuket, Thailand, next month. If Japan did not want to join the EAEC and considered it was not important to ASEAN, it should not obstruct the freedom of ASEAN countries to discuss the issue.

[Begin Rafidah recording, in progress] ... Japan should not be influenced by any party, or no party should influence Japan's ideas to such an extent that the influence led to its move to control the agenda of the meeting. We are free to discuss whatever issues we choose at the six plus three meeting. We can discuss anything, such as the East Asia issue, or APEC, and so on. No party should tell us not to discuss this or that issue. If Japan feels it is not part of East Asia and not a friend of ASEAN, it can continue to pretend that it does not belong to East Asia." [end recording]

Paper Praises Mahathir's Stand at World Summit

BK1503032995 Kuala Lumpur UTUSAN MALAYSIA in Malay 13 Mar 95 p 6

[Editorial: "Malaysia's Voice at International Forums"]

[FBIS Translated Text] The double standard and biased attitude of the developed countries toward the developing and poor countries is nothing new. Malaysian Prime Minister Datuk Sri Dr. Mahathir Mohamed again criticized the West's attitude in his speech to the World Summit for Social Development in Copenhagen, Denmark yesterday.

We know that whenever he is abroad, the prime minister seizes every opportunity to elaborate on the attitude of the Western countries to their own citizens. These people should be made to realize that the developed countries are not good and fair protectors the way they imagine. As a matter of fact, the social problems—development and poverty—suffered by people in the world today are caused by the bad attitude of the developed countries.

Certainly the Western media did not bother to heed the prime minister's message at the summit, all the more so because he called on the developed countries to stop preaching to others and allow the developing and poor countries to carry out their socioeconomic development without being pressured or stifled by anyone. The developed countries were also reminded not to provide financial aid from their leftover development and welfare program funds unless they are sincere about it.

Dr. Mahathir is also aware that it will be difficult to realize the Copenhagen Declaration. "I hope the Copenhagen Declaration will not be like the Rio Declaration. It should not be remembered as a mere declaration or a program of action," the prime minister said. Somehow, we all know that the Copenhagen Declaration's fate will be the same as that of Rio.

We are proud that Dr. Mahathir's clear speech at the world summit was not meant to show his arrogance or that he is a loquacious person. He spoke his mind based on the Malaysian Government's ability to achieve rapid socioeconomic development. Reports on the summit said that Malaysia managed to reduce its poverty rate from 60 percent in 1970 to 13.5 percent in 1993. This was achieved through a program of maintaining stability and developing our own resources without overdependence on foreign aid.

By developing its own resources, Malaysia recorded over 8 percent growth in each of the last seven years. The unemployment rate in the country remained at 23 percent [figure as published]—similar to no unemployment at all. Malaysia has become a model to many developing and poor countries that want to eradicate poverty.

Malaysia's loud voice at international forums is not an arrogant voice; it says that developing and poor countries can achieve progress like Malaysia.

The developing and poor countries should know that the source of their problems is the way the developing countries treat them. These countries can achieve progress only if they unite and come forward to oppose all forms of oppression and discrimination. This is Malaysia's true voice. This is the role played by Dr. Mahathir at international forums.

Cambodia

Commentary on ICORC Aid Meeting in Paris

BK1503032295 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 13 Mar 95

[Station commentary: "We Are Always Optimistic in Spite of Some Black Clouds"]

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, respectively first and second prime ministers of the Royal Government of Cambodia [RGC], have already arrived in Paris, France. Before their departure, the two prime ministers were ardently optimistic that the international community would continue to give aid to Cambodia in keeping with its pledge in spite of a campaign against the aid conducted by some individuals in Paris.

First Prime Minister Prince Krompreah Norodom Ranariddh said at Pochentong International Airport before departing for Paris on 9 March that IMF has decided it will not change its pledges of assistance to Cambodia. Analysts said if IMF decided to provide aid to Cambodia, other countries would also follow suit.

Samdech Hun Sen, at Pochentong International Airport, asked: Will the international community be willing to let the Cambodian nation die, this government die, thereby prompting a chaotic situation, or let them continue to survive? Now, the international community has decided that the Cambodian Government and nation should continue to survive.

Answering a question, Samdech Hun Sen emphatically said: We fully realize what the freedom of each individual is and what an opposition party is. However, actions carried out by some persons are not only against the RGC but also the country. He added: We will understand and respect them if they just act against the RGC, but their demand that the international community stop giving aid to Cambodia constitutes an action against the nation, a destruction of their own nation. Nevertheless, the RGC has no concern at all because those problems do not belong exclusively to Cambodia; they also belong to the international community as specified by the Paris accord on the rehabilitation and reconstruction of Cambodia. The commitment of the Paris accord signatories, like that of the international community, is to continue to help rebuild Cambodia.

It is widely known that out of respect for the spirit of the constitution, the Royal Government has no plan against its opponents. The latter have all the political rights, and we will have no comments if they just raise political issues or make propaganda. As for corruption, it is a problem that occurs in all countries worldwide, not only in Cambodia.

Observers expect that at the International Conference on the Reconstruction of Cambodia [ICORC], the two prime ministers will present a set of measures to solve the remaining problems.

Although we have already achieved peace and national reconciliation, we have never ignored strengthening the rule of law and improving living conditions to reduce negative activities in the national society and restore the country.

All in all, our people ardently hope that the third ICORC conference will certainly provide the Kingdom of Cambodia with additional aid in spite of some black clouds.

It is worth noting that at the ministerial meeting on the rehabilitation and reconstruction of Cambodia in Tokyo in June 1992, a pledge of $880 million in aid to Cambodia was made and at the first ICORC conference in Paris in 1993, a pledge of $199 million was also made. Totally, a sum of $1 billion in aid was pledged at the first ICORC conference. An additional sum of more than $194 million was pledged at the second ICORC conference in Tokyo in 1994. It is expected that at the third ICORC conference in Paris a pledge of an additional sum of $300 million will certainly be made.

Ranariddh on Domestic Issues, French Relations

BR1403140095 Paris LIBERATION in French 14 Mar 95 pp 8,9

[Interview with Cambodian Prime Minister Norodom Ranariddh by Patrick Sabatier; date and place not given: "The Real Problem Is Fighting Poverty"—first paragraph is LIBERATION introduction]

[FBIS Translated Text] Prince Norodom Ranariddh, 51-year old son of Cambodian King Norodom Sihanouk, is prime minister of the government which he formed following the victory in the 1993 elections by FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia], the royalist party he heads. He shares power in Phnom Penh with joint prime minister Hun Sen, leader of the Cambodian People's Party (CPP, former Communist Party).

[Sabatier] Two years after the elections and your arrival in government, Cambodia still gives the impression of a country at war against the Khmer Rouge.

[Ranariddh] The Khmer Rouge no longer represent any threat to the royal government or to Cambodia. They are now no more than highway robbers and they are deserting in large numbers. The Cambodian people are tired of war, they no longer support Pol Pot's racist anti-Vietnamese policy, and they are aware of the need to jump onto the train of development.

[Sabatier] Your government is nonetheless devoting one third of its budget to defense. Is this not a handicap to economic growth?

[Ranariddh] We must keep up the military pressure on the Khmer Rouge, but Cambodia's real problem is not the Khmer Rouge but the war against poverty. Here too we are winning. The defense budget for 1995 is down 5 percent compared with 1994. It is true that our army is still huge and we receive no military aid. However, we have to think of defending our sovereignty and our natural resources, particularly our off-shore oil and our fish stocks against "fishing boats" from neighboring countries. The refitting of our four old warships alone costs us $16 million.

[Sabatier] Cambodia has received almost 5 billion francs in international aid in two years. Where has all that money gone?

[Ranariddh] The International Committee for Rebuilding Cambodia (ICRC) has promised us aid of $870 million. But it is all in "technical assistance." This means that not one of those dollars went to the Cambodian Government. The donor countries define and manage their projects themselves. For instance the "Japanese bridge" or the RN-6A road were restored by Japanese enterprises following an invitation to tender in Tokyo, with Japanese experts.... I simply perform the opening ceremonies. It is to them that you must put the question.

[Sabatier] And yet, Cambodia is experiencing food shortages this year because of the fall in rice production....

[Ranariddh] We have suffered disastrous floods followed by drought, like Thailand and China. In addition, the rebuilding of dams, reservoirs, irrigation channels, and infrastructures which is being caried out with the Asian Development Bank is a very long-term project. But you would have to be blind not to see that in one year all the roads in a 50km radius around Phnom Penh have been repaired and that the non governmental organizations, the FAO [Food and Agriculture Organization], and UNICEF have done remarkable work in the rural areas.

[Sabatier] Many of your critics like Sam Rainsy, your former finance minister, say that corruption is destroying Cambodia and eating into the whole state, from the lowest to the highest level....

[Ranariddh] I note that Sam Rainsy did not talk about corruption when he was a government member. Furthermore, where is the evidence of this corruption? It has been said that Cambodian ministers have bought villas on the Cote d'Azur. To the best of my knowledge, none of my ministers has the resources to do that. As far as I am concerned, if I am attacked on this point, I will go before the courts and I am certain of winning.... Having said that, we are going to present two bills in the National Assembly, one on the elimination of corruption and the other on the declaration by leaders of their personal property. I do not deny that corruption exists. But the real means of ending it is to raise the population's general standard of living, avoiding, for instance, a situation in which an official earns only $15 per month.

[Sabatier] Amnesty and Human Rights Watch/Asia think that the situation in the human rights sphere is constantly deteriorating.

[Ranariddh] It took two centuries for the West to build liberal democracies. We are being asked to do the same in less than two years, after 23 years of war and genocide in a country—Cambodia—whose history is not that of France. Tour the countries surrounding ours. You will perhaps appreciate that in Cambodia, for the first time, the press can caricature and insult the country's leaders.... I am opposed to any repression of the press, but also to the extremes which are killing press freedom.

[Sabatier] The case of the hostages murdered by the Khmers Rouge has tarnished your relations with France. Jean-Michel Braquet's parents have criticized your handling of the crisis....

[Ranariddh] Once again I would like to express my deep regrets to Jean-Michel Braquet's family because I dealt with that crisis personally. I was very optimistic because their kidnappers had told us they would be released in exchange for a ransom. But as soon as the media of the whole world seized on the case, it became political. Pol Pot used blackmail. Despite our poverty, we found $150,000 to pay the ransom. But when this was divulged, some countries warned me not to pay, or no foreigner would be safe in Cambodia.... What could I do, without a ransom or the means of launching an attack?

Relations between France and Cambodia have not returned to their excellent state but they have improved, especially following the visit by Cooperation Minister Bernard Debre. This tragedy must not damage the age-old relations between our two countries. Despite everything that is being said, France is present in Cambodia and it is responding to our appeals more than others....

Sihanouk Bemoans Lack of Strong Opposition

BK1503054895 Phnom Penh THE CAMBODIA DAILY in English 7 Mar 95 pp 1, 2

[Second in series of King Sihanouk's "exclusive" interviews with CAMBODIA DAILY Publisher Bernard

Krisher and Editor Barton Biggs under the rubric: "Sihanouk Speaks: Part II of V"]

[FBIS Transcribed Text] *During his recent stay in Siem Reap, King Norodom Sihanouk sat down with CAMBODIA DAILY Publisher Bernard Krisher and Editor Barton Biggs for a wide-ranging interview—his first since returning to Cambodia following treatment for cancer in Beijing. In this second installment of questions and answers, the King discusses his health and role in promoting an active government in the country. (Copyright 1995 by Bernard Krisher)*

Q: You seem to have completely recovered from your cancer. Did your Chinese doctors cure you with Western or traditional medicine?

A: Both. They put me through chemotherapy, Western medical science, and I also received medical care from traditional doctors. The two sciences combined saved me...my cancer was completely cured but I suffer now from something else, arteriosclerosis—my arteries. I have a problem because of my diet. Too much goose liver, French cream and pastries. Very bad for my health.

Q: Are you stopping some of that?

A: Very difficult.

Q: People hope you will now stay in Cambodia.

A: I may have to return to the hospital in Beijing in May for a general checkup to see if the cancer has reappeared. If it has not recurred, then there remains only the problem uf my diet. I have to stop eating delicious things. I would be absent from Cambodia only one month but if the cancer reappears, I will have to stay longer to undergo a new chemotherapy. People say without Sihanouk the situation has a tendency to worsen. I hope it will not worsen during my next absence because I cannot avoid such an absence...Since the Cambodian people say they need Sihanouk; to have a dying Sihanouk is not helpful. It is better to have a physically strong Sihanouk after a few months of treatment in Beijing.

Q: What is your role now?

A: I continue to help both sides: the government and the opposition. Look at the United Kingdom. You have the government and "Her Majesty's opposition." We need a good balance between the executive and the opposition. Here unfortunately we have a very small opposition. The vast majority of representatives, as members of parliament, belong to the two winning parties which won in the May 1993 elections: FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], which won 58 seats in the National Assembly, versus 51 seats for the CPP [Cambodian People's Party] party. What is the opposition in the Assembly?...

An opposition exists but it is outside the parliament. We cannot call them a credible opposition since the people did not vote for them. They lost the election and though they unite, they have no real roots in the national community. The only thing they dream of is my return to power. They often write to Sihanouk, to me, saying: "Please take power to save Cambodia." It is not the best way to resolve the problem.

Q: But there is opposition?

A: A real opposition exists but it is within FUNCINPEC. You have Sam Rangsi, the famous Sam Rangsi, who was expelled from the government because he was too honest and too clean and too competent and too popular. So he was expelled and my half brother, Sirivut, joined him. This is the only valuable opposition which has supporters among many students, intellectuals, civil servants and workers. But they are not important compared to the supporters of Ranariddh and the supporters of Hun Sen and Chea Sim. The latter are more numerous.

In Cambodia we now have a very strange democratic system. The government has at its disposal a very devoted parliament. The French government or its head of state can't be so comfortable because they have to face political-party opponents. In the United States, too, Clinton can't feel at ease. But here our leaders can sleep well, without the threat of any nightmare, because the parliament and judiciary sides with the government. In principle there is a separation of powers—the executive, legislative and judiciary—but in practice we have one block: the government, the parliament, the judiciary, the police, the army, all together.

Q: Is this good for the country? Are the people comfortable with such a situation?

A: You ask them. I cannot say because I would be hated by the government or leaders. I can't say it's a perfect democracy but I cannot go beyond that.

Q: You spoke about Sam Rangsi and Prince Sirivut, two people in the FUNCINPEC party who have spoken about possibly forming another royalist party. Would you give your blessing to that?

A: I can't give my blessing to any political party; I must recognize all parties. When people create a party and ask me to recognize it as a legal party, I recognize it unless they are criminals. I can't say such a party would be good for the country because if I say it's good, my son Ranariddh and Hun Sen would be very angry with me. So I can't say I would give my blessing or that it would be good for Cambodia. The only thing I can say is if they want to create a party I will be obliged tn recognize this party because they are not criminals or traitors. As opponents they have every right to have a party, to prepare for 1998.

What I cannot do for them is to take power. I must not violate the constitution. As a constitutional king I have no right to take power. So there is no way to help them because I must be neutral. I must be the father of all parties and the father of the Kampuchea nation as a whole, not the father of Sam Rangsi only or Sirivut. I cannot say I sympathize with them. It is up to them, up to their conscience. It's a question of conscience. We have a conscience so we consult our conscience. That's all.

Khmer Rouge Urge People To 'Intensify' Struggle

BK1503044895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 13 Mar 95

["Press communique" issued by the Secretariat of the Provisional Government of National Union and National Salvation cabinet on 13 March; place not given]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session on Monday 13 March under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, and with the participation of all its members. The cabinet examined the situation and took a series of measures as a general political course to follow:

I. The present situation in all fields and aspects in Cambodia most clearly bears witness to the defeat and collapse of the strategy pursued by the alliance to continue fanning the war and destroying national reconciliation and peace. The enemies pushed on with communist Vietnam's war of aggression and have added to it the war of UNTAC [United Nations Transitional Authority in Cambodia], the war of the alliance, and the war of the two-headed government. Their objective has always been to wipe out Democratic Kampuchea and kill the nation and the people so that communist Vietnam could snap at and swallow up Cambodia at will and so that those in the alliance could scramble over, tear down, gnaw the bones, and suck the blood of the Cambodian nation and people. However, this extremely criminal strategy is experiencing a crushing defeat.

The two-headed government that they have painstakingly conceived to be a tool of war for implementing their strategy is writhing in agony in all fields and aspects, waiting for the day it will draw its last breath.

In the political and social fields, it is nose-diving toward rock bottom. Economically and financially, it is desperately destitute. On the military front—its final adventure—it is suffering one atrocious setback after another, being severely beaten on every battlefield. During this 17th dry season—and we are more than five months into it— the troops of the two-headed government are being seriously defeated and are beginning to lose massively, especially on the battlefields in northern and northwestern Cambodia. The two-headed government is being opposed and rejected by the entire Cambodian nation and people who fight them most resolutely. The people in the countryside as well as those in Phnom Penh, including the students, functionaries, journalists, political personalities, and overseas Cambodians, are fighting and opposing the two-headed government more and more resolutely because it is betraying the nation and committing a wholesale plunder of the country. The brothers and sisters are waiting for a chance and looking for means to smash it. The two-headed government is approaching its doom and is decaying and rotting through and through. No matter how hard its bosses have been trying to drop-feed, support, and aid it, the two-headed government can never escape death.

II. People wonder what the alliance—the sponsors of the two-headed government—is thinking. Will they stubbornly continue the strategy of colluding with communist Vietnam in undermining national reconciliation, sabotaging peace, and killing the Cambodian nation and people, acts that run counter to the mainstream of humanity? If they continue to stubbornly fan the war, to whom should the money be given if puppets Hun Sen, Chea Sim, and Ranariddh are 200 percent lackeys of communist Vietnam, are extremely obnoxious and extremely corrupt, and squander every cent given them? If they stubbornly continue to fan the war, where will they get troops with which to fight now that both the U.S. puppet troops and the communist Vietnamese puppet troops have been bitterly beaten, now that only 10 percent of the troops are left, not enough with which to fight? The fascist methods they have used to conscript soldiers and militiamen have also proved to be ineffective because the entire Cambodian nation and people are demanding an end to the war and are resolutely opposed to warfare. This is the mother of all problems, the mother of all puzzles that even the fathers of the imperialists would not be able to solve. It is the consequence of their warmongering strategy.

This situation of crushing setbacks clearly shows that both the old and new aggressors, as well as the alliance's strategy of colluding with communist Vietnam, cannot vanquish the resolute fighting will of the Cambodian nation and people. Their fate is to get bogged in the quagmire even more deeply. The question is that obvious. Their trend is headed toward such a glaring defeat and collapse.

It is wondered whether they will continue this extremely criminal and inhuman strategy. However, it all depends on their reasoning, on their conscience. It is up them if they want to experience another Somalia or Bosnia.

III. In the situation in which the two-headed government is agonizing and gasping in all fields and aspects, having no money and suffering repeated defeats on the battlefield, and in the situation in which the old aggressors have been defeated and the new aggressors are being defeated, it is imperative that our entire nation and people intensify our national salvation struggle even more vigorously in all forms and localities to bring about an early and lasting end to the war.

The PGNUNS and Democratic Kampuchea, which has shared the life-or-death struggle with the Cambodian nation and people in the past, at the present, and in the future, have the only objective: to end the war of communist Vietnam, the alliance, and the two-headed government as quickly as possible and to achieve genuine national reconciliation and peace in an independent, sovereign Cambodia with its territorial integrity intact, enjoying both political and economic liberal democracy, and maintaining good relations with all countries and peoples throughout the world.

The struggle of our nation, people, and Democratic Kampuchea is for this objective because only in this way can we save and perpetuate our nation and race.

Monday, 13 March 1995;
The Secretariat of the PGNUNS cabinet

Indonesia

Editorial Downplays Impact of Dollar Decline

BK1503062295 Jakarta SUARA KARYA in Indonesian 13 Mar 95 p 5

[Editorial: "The Yen Appreciation Constitutes a Challenge to Business Circles"]

[FBIS Translated Text] With the recent depreciation of the U.S. dollar against the Japanese yen reaching a critical stage, as usual there are rumors to the effect that there will be another rupiah devaluation. Speaking to reporters on Friday (10 March), Central Bank Governor Sudrajat Jiwandono said the government would not devalue the rupiah despite the sharp depreciation of the U.S. dollar against the Japanese yen and German mark. The Central Bank governor said the yen appreciation should not be seen as the end of the world.

"The most important thing we must pay attention to is the government's annual liquidity and the ability to repay our foreign debts. Right now, the government has 40 percent of its foreign debts in yen and 35 percent of the currency reserves held by the Central Bank are in yen," said Sudrajat.

The emergence of rupiah devaluation rumors can apparently be attributed to the past psychological way of thinking. Logically speaking, it is useless to devalue the rupiah at this time because the U.S. dollar depreciation means that our rupiah is also indirectly depreciated as a result of the U.S. dollar's dominant position in the basket currencies [preceding two words published in English].

Therefore, there is no logical reason for the government to devalue the rupiah against the U.S. dollar, which has suffered a 9.7 percent depreciation against the Japanese yen.

As for concern about the impact of the yen's appreciation on the government's repayment of foreign debts, past experience can be used to anticipate any potential problems; namely, the government should maintain 35 percent of foreign currency reserves in Japanese yen. As such, there will be no problem in repaying foreign debts in yen.

A potential problem might arise in the payment for imported goods by the private business sector—which has a relatively high dependence on Japanese goods—if the payment must be made in U.S. dollars. Therefore, if the U.S. dollar's depreciation continues, our private business sector must use this as am opportunity to encourage the relocation of Japanese industries to Indonesia and diversify our imports from non-Japanese sources. As for our exports to Japan, the yen's appreciation should be used as an opportunity to enhance our competitiveness in our traditional export destination.

We want to underline the Central Bank governor's remarks that the dollar depreciation is not the end of the world. It must be admitted that Indonesia's economy seems to be controlled by the Japanese, but honestly speaking the current situation constitutes a challenge for our business circles, especially those who reap huge profits from importing large numbers of Japanese cars into Indonesia. These businessmen are in fact responsible for establishing the supremacy of Japanese products in the domestic market.

Suharto Praised for 'Courageous' Sarajevo Visit

BK1503062595 Jakarta SUARA PEMBARUAN in Indonesian 13 Mar 95 p 2

[Editorial: "It Is a Duty To Visit Sarajevo"]

[FBIS Translated Text] President Suharto's current overseas trip is somewhat different from previous ones. The current trip by the head of state to Denmark, Croatia, and Bosnia-Herzegovina, although brief, is of great significance. The reasons, nature, and atmosphere of a visit to one country are strongly different from those of another. For example, President Suharto's visit to Copenhagen, Denmark, sharply contrasts with his visit to Sarajevo, Bosnia-Herzegovina in terms of topics and the atmosphere surrounding the visit although both visits are essentially designed to achieve peace.

President Suharto attended and spoke about social development at the UN-sponsored summit in Copenhagen, Denmark in his capacity as head of state and chairman of the Nonaligned Movement [NAM]. The conference dealt with efforts to achieve peace based on justice, social integration, and human dignity and to combat poverty, ignorance, and backwardness in the world. The issue of peace was discussed amid a peaceful and friendly atmosphere that enabled the issuance of a declaration and program of action on social development.

The atmosphere of President Suharto's visit to Sarajevo in his capacity as head of state of the Republic of Indonesia and NAM chairman, scheduled to start this evening (13 March), will be strongly different from the visit to Copenhagen because the president will be going to a battlefield, although this visit also deals with efforts to achieve peace.

The latest situation in Sarajevo is very uncertain and no one can guarantee that there will not be any shootouts.

Just one day before the president's visit to Sarajevo, a plane carrying Yasushi Akashi, the special UN envoy for the former Yugoslavia, was hit by fire from a submachine gun. Yasushi Akashi described the incident as illogical, and Lieutenant Colonel Gary Coward, spokesman for the United Nations Protection Force [UNPROFOR], called the shooting at the UN plane the worst incident since the warring parties agreed on a cease-fire on 1 January 1995.

Accordingly, the atmosphere of the visit by the head of state to Copenhagen, Denmark strongly contrasts with that of his visits to Zagreb, Croatia and Sarajevo, Bosnia-Herzegovina. The contrasting atmosphere has prompted domestic and foreign political commentators to describe President Suharto's visit to the turbulent former Yugoslavia as a courageous step. Turkish President Suleyman Demirel canceled a visit to Sarajevo last February because UNPROFOR was unable to ensure security.

It is due to the contrasting atmosphere and tense situation that we regard President Suharto's visit to Sarajevo as a manifestation of the Indonesian people's commitment to achieving world order based on independence, eternal peace, and social justice as mandated by the Preamble of the 1945 Constitution. We see the visit of the head of state to war-torn Sarajevo as a historic event and a manifestation of Paragraph I of the Preamble of the 1945 Constitution, which says that colonialism must be abolished on earth because it is incompatible with humanity and justice. Of course, the current ethnic war in Bosnia-Herzegovina falls under this category.

Against this backdrop, we would like to underscore President Suharto's statement that he considers his visits to Zagreb, Croatia and Sarajevo, Bosnia-Herzegovina an honor and a duty. During a visit to Jakarta last January, Croatian Prime Minister Nikica Valentic expressed his hope that Indonesia would play a more active role in efforts to achieve a comprehensive peace in the former Yugoslavia, which has been turbulent for the past four years.

The Croatian prime minister's hope in part motivated President Suharto to visit Zagreb and Sarajevo. The visit to Bosnia-Herzegovina will enable President Suharto as the head of state and NAM chairman to see for himself the battlefield in Sarajevo. Although the visit to Sarajevo will be brief—only about four hours—what the president sees and finds while traveling in Sarajevo and talking with and receiving input from the UNPROFOR commander will be very useful for the development and enhancement of comprehensive talks on the peaceful settlement of the conflict in Bosnia-Herzegovina.

President Suharto has said that Indonesia is deeply concerned about the armed conflict in Bosnia-Herzegovina, a former Yugoslav republic. Accordingly, the president will continue efforts in his capacity as NAM chairman to convene talks to achieve a comprehensive settlement of the Bosnia-Herzegovina issue. Thus the four-year disaster befalling the people of Bosnia-Herzegovina will end and they will have an opportunity to develop their nation.

We hope that President Suharto's current trip to these countries, particularly Bosnia-Herzegovina—the essence of which is peace—will inspire the warring parties to settle the issue at the negotiating table.

Trade Minister Says AFTA Advanced to 2003

BK1503062695 Jakarta KOMPAS in Indonesian 13 Mar 95 p 1

[FBIS Translated Excerpt] Bogor, KOMPAS—Hartarto, the coordinating minister for industrial and trade affairs, has said that the ASEAN member countries have unanimously agreed to advance the timetable for implementing the ASEAN Free Trade Area (AFTA) from 2008 to 2003.

In 2003, import tariffs will be reduced to 0.5 percent and nontariff barriers will be totally abandoned. It is hoped that this arrangement will boost intra-ASEAN trade.

This was part of Minister Hartarto's address at the opening of a refresher course for Pancasila state ideology tutors in Bogor on Saturday, 11 March.

He said that as far as Indonesia is concerned, it must rely on the ASEAN subregional cooperation pattern to speed up development programs outside of Java. One subregional development scheme is known as the Northern Growth Triangle, or IMT-GT, which includes North Sumatera (Indonesia), Malaysia, and Thailand. "The feasibility study on the IMT-GT project has been completed and it has entered the implementation stage," Hartarto said. [passage omitted]

On this occasion, Minister Hartarto also disclosed the impact of the Uruguay Round of trade negotiations and the APEC [Asia-Pacific Economic Cooperation] meetings to the participants in the refresher course. He reiterated that in an effort to achieve the development target under the Second 25-Year Longterm Development Master Plan, we should be receptive to national, regional, and global economic development strategies. This must be exploited to further speed national economic growth. [passage omitted]

Philippines

Obstacles to Cooperation With PRC Outlined

BK1503074295 Manila MANILA STANDARD in English 13 Mar 95 p 2

[FBIS Transcribed Text] Three issues have hindered the development of cooperation between the Philippines and China 20 years after they established diplomatic relations with each other.

Dr. Julius Caesar Parrenas, director of the Center for Research and Communication (CRC) institute for international and strategic studies, cited these issues as the conflicting claims over areas in South China Sea, the

Philippines' concerns about China's buildup of its military power, and the Philippines' relationship with Taiwan.

In a paper titled The Rise of China and Its Impact on Chinese-Philippine Relations, Parrenas however, noted that ideology, a major obstacle to the growth of cooperation between the two countries in the past, has lost its importance.

On the South China Sea issue, Parrenas pointed out that China and the Philippines have overlapping claims in an area in the South China Sea referred to as the Spratlys. The area involves other claimants: Vietnam, Malaysia, and Taiwan.

The claims of China and Taiwan extend to the whole of the South China Sea, while the Philippine claim includes only a portion lying west of Palawan. It covers several islands, islets, cays, sandbars, and reefs officially referred to as the Kalayaan (Freedom) Islands.

Concern over China's expansionism

Parrenas recalled that in the 1980s China undertook several programs to build a blue-water navy and expand the combat radius of its aircrafts. These efforts coincided with the establishment of military outposts in the Spratlys, increased naval operations in the South China Sea, and clashes with Vietnamese naval forces.

With the diminished Soviet and U.S. naval presence in Southeast Asia, attention has focused on the modernization of China's air force and navy, and its apparent objective of acquiring strategic control of the South China Sea.

The Philippines has been concerned over these developments. It is strategically vulnerable due to its location at the northernmost end of maritime Southeast Asia and its proximity to China. The Philippines is also vulnerable on account of the current weakness of its external defense capability.

Ramos Asks Singapore for Clemency for Maid

BK1403020195 Quezon City Radio Filipinas in English 0230 GMT 13 Mar 95

[FBIS Transcribed Text] President Ramos sent a letter to President Cheong of Singapore citing that a witness, Emilia Frenilla, has surfaced and presented evidence that could warrant the reinvestigation of Contemplacion's case. The president expressed the great sadness felt in his country—the Philippines—as well as felt by himself personally over the case. (?Set) to avoid the possible accusations of interference in the final and executory decision of a Singaporean state court, the new evidence could drastically change the court's earlier findings.

Contemplacion has been convicted and sentenced to die for the May 1991 murder of a friend, Delia Maga, and Maga's four-year-old ward Nicholas Wong. Frenilla has claimed that she had heard Maga's employer, Wong Sing Kiong, admit to killing Maga after seeing his son dead inside their bathroom. The boy had apparently suffered an epileptic attack and drowned in a pail of water. In seeking restraint of the execution, President Ramos invoked the spirit of close and friendly relations between the Philippines and Singapore.

MNLF Spokesman: No Boycott of Elections

BK1503074495 Manila PHILIPPINE DAILY INQUIRER in English 11 Mar 95 p 3

[Report by Rolly A. San Juan]

[FBIS Transcribed Text] Zamboanga City—The Moro National Liberation Front [MNLF] will not boycott the elections, MNLF Spokesman Ustadz Sharif Zain Jali said here yesterday.

In fact, the MNLF is campaigning for the Bangsamoro people to go out and vote on May 8.

Jali, however, stressed that the MNLF would not campaign for any candidates, but would "guide" its people in selecting competent and honest leaders, particularly those who have vowed to help solve the problem of Muslims in Mindanao.

Jali said the MNLF abhorred the electoral system where candidates hold expensive campaigns and issue plenty of false promises.

But even if the MNLF does not expect honest elections, it believes it is not reasonable to wage a boycott.

Jali estimates that some 50 percent of the Bangsamoro people are registered voters, although he predicts only half the number will troop to the polling centers.

On the peace talks, Jali said four support committees of the government and MNLF panels were scheduled to meet in Davao City on March 13.

Another mixed committee meeting is scheduled in Davao on May 21 prior to the third round of formal talks in Jakarta, Indonesia in June.

Thailand

IMF Urges BOT Action on Deficit Problem

BK1503014195 Bangkok THE NATION in English 14 Mar 95 p B1

[FBIS Transcribed Text] The International Monetary Fund (IMF) has suggested that the Bank of Thailand [BOT] steer its monetary policy toward a slightly-weaker baht against the falling US dollar, so that the current account deficit problem can be solved more quickly.

The IMF, which recently dispatched an official to survey the Thai economy in conjunction with Thai officials, shares the opinion of Bank of Thailand, Finance Ministry, Securities and Exchange Commission and Commerce Ministry, that the Thai economy is sound, with high growth, but low inflation.

The forecast GDP growth for 1995 is 8.5 per cent, while inflation is projected to grow by only 4.8 per cent.

On the currency markets, the IMF representative believes that although the baht has fallen against mark and yen, Thailand should keep the baht weaker against the US dollar to help solve the current account deficit problem.

The IMF believes that Thailand can solve this problem in the long run.

On fiscal policy, Thailand should consider imposing tax measures on earnings from the capital and money markets where speculation has become rampant after the launch of new financial instruments. The measures will help authorities improve their monitoring of markets.

The IMF applauds the Bank of Thailand's handling of monetary policies such as the increase of discount borrowing rates by 1 percentage point to 10.5 per cent. The measure is consistent with the current fiscal situation and will help maintain stability by slowing credit growth which can lead to an everheated economy.

Thailand is one of very few countries that implements good tax policies, said the IMF official. The introduction of the value-added tax was cited as an example.

The central bank's spokeswoman Nopphamat Manolihakun said it is untrue that the IMF has told Thai authorities to devalue the baht. Last year, she said the IMF suggested Thailand let its currency fluctuate against major currencies. "Devaluation would be a stupid idea if it were true," she said.

The basket of currencies used by the central bank to determine the value of the baht prevents too strong a currency. On certain days, the baht deviates by Bt [baht] O.05-0.06 'off' the basket to prevent a negative impact on exports.

Officials Comment on New Copyright Law

BK1503023695 Bangkok BUSINESS DAY in English 14 Mar 95 pp 1,3

[Report by Phichayaphon Uthumphon and Roy H. Reynolds]

[FBIS Transcribed Text] The new copyright law—which is effective next Tuesday—provides for the first time the weapons necessary to attack computer software pirates, a security firm official says.

There are many counterfeits on the market in Thailand but a company that is willing to hire a private firm can protect its rights, says Russell Lerner, general manager of Pinkerton security company. With the new copyright law, "we will be able to take efficient action for the first time," he said.

A senior officer of the Police Department's Economic Crime Investigation Bureau said there were 409 cases of intellectual property violations recorded last year, almost double the 269 cases in 1993. He said the police struggled to deal adequately with the problem because a limited number of officers were working on these matters.

Mr Lerner said private enforcement is the key to protecting intellectual property rights.

A company can hire a private security firm to prosecute against violations of its copyrights. Pinkerton, for example, has informants on the street, and offers financial rewards to police officers who report counterfeiters. They identify who is violating the rights and locate where the goods are being sold. They then file a complaint with the police, present the evidence, and lead police on the raid. The security firm may even conduct on-site negotiations for out-of-court settlements.

In exchange for retraction of the criminal charges, counterfeiters usually pay damages directly to the offended companies, in addition to fines of up to 400,000 baht. These damages, Mr Russell said, were usually paid on the spot. Mr Lerner said there were three or four private investigation firms besides Pinkerton, and three or four law firms in Thailand, that do this type of work.

He said that justice could be achieved even if suspects have bribed the local police. "There are ways to get around local police protection," he said.

In addition to district police, the Economic Crimes Investigation Division, the Southern and Northern Districts of Bangkok, and the Crime Suppression Division have broader jurisdiction. By appealing to these authorities, Mr Lerner said he had been able to bypass local police who refuse to prosecute.

Cases at present become bogged down in the courts because the old law is unclear, he said.

Phonphimon Phetcharakun, a trademark examiner for the Department of Intellectual Property, said the new copyright law was introduced specifically to protect software producers.

Under the Intellectual Property Act (1994), those who pirate software products for private use can be fined 2O,OOO to 200,000 baht. Those who pirate software for commercial purposes will be subject to up to four years in prison and fines of 100,000 to 800,000 baht.

Mr Lerner said corporate managers and directors of companies would be liable if their employees used illegal software at work. The new act contains 78 articles, 28 more than the previous act, which was enacted in 1978.

According to the senior officer of the economic crime bureau, there are exceptions in the copyright law regarding private use. The new law states that those who distribute software only within their own households will not face legal charges if there is no effect on the software producers' business.

Unauthorized use of software for personal research, education, entertainment—activities that do not affect the sale of software products—are not prohibited. The new act does not specifically identify when the use of pirated software will be considered harmless. An officer said it would be difficult to determine the intention of each software user.

The copyright law was passed under international pressure, particularly from the United States.

M.L. Phiraphong Kasemsi, Ph.D, a former Thai ambassador to the US, said that Thailand was removed from the Priority Watch List of the US as a result of the new law. The Priority Watch List documents companies on which US trade officials are considering imposing sanctions.

Mr Phiraphong said that the copyright law not only resolved a trade problem with the US, it will also benefit Thailand. He said protecting intellectual property rights gives Thailand access to superior technology and makes the country more competitive.

Mr Phiraphong said such actions provided incentives for Thai inventors. It is important, he said, to recognize that not only foreigners, but also Thais, create intellectual property and software.

China recently agreed to protect intellectual property rights after intense pressure from the US, which threatened to impose punitive tariffs worth more than $1 billion. A full-scale trade war was averted by an eleventh-hour agreement under which China agreed to protect intellectual property rights.

A frequent user of pirated software in Thailand said he welcomed the change to the law, but insisted that the software companies must also take action.

"If we have to pay the same price (as is paid in the US or other countries), we expect the same kind of service," he said. "Or we should be able to get a discount rate on the software. Having to pay the listed prices is ridiculous. There isn't any other country in the world that does that."

He went on: "Big companies won't have any problems paying extra for legal software, but the individual will be most affected. We can't afford to pay 5,000 baht for one software program—it's beyond the reach of the average Thai consumer.

"There isn't enough competition in the computer market to enable consumers to enjoy a good product at a fair price."

He said that software companies should improve their after-sale services to ensure customer satisfaction. "Thai people are not born to become computer literate," he said. "It isn't easy for everybody to thoroughly understand how the system works.

"So what users of computer software really need is the backup assistance, so that they know how to install their software programs and how to maximize use of them."

Mr Lerner said piracy of intellectual property rights was rampant across Asia.

Piracy in Vietnam is "up and coming", although the government has strong laws prohibiting it. The country even imposes the death penalty when counterfeits of such goods as medicines pose a public health risk.

He said Indonesia led the region in producing counterfeit goods, followed by Malaysia. Laos and Cambodia also have significant problems with such piracy.

Krasae Views Successful Germany, Denmark Trips

BK1503033595 Bangkok Radio Thailand Network in Thai 0530 GMT 14 Mar 95

[FBIS Translated Text] Thailand achieved a success in attending the World Summit for Social Development in Copenhagen and persuading German investors to invest in Thailand.

Foreign Minister Dr Krasae Chanawong granted an interview to reporters after returning from the visits to foreign countries with the prime minister's delegation this morning. He said that during the summit, apart from Thailand being able to learn about problems and propose views on social development, the Thai prime minister also persuaded German investors to invest in Thailand.

[Begin Krasae recording] Regarding the visit, I think that the prime minister has achieved a considerable success for the country. Especially in Germany, he held talks with German Chancellor Helmut Kohl on the persuasion of Germans to invest in Thailand and the cooperation in developing human resources in Indochina. Importantly, the consultations touched upon the meeting between the European Union and Asia. That is a report, in brief.

It is noteworthy that the so-called NGO's, or nongovernmental organizations, have an important role and play a part in stimulating the consideration on the actual solving of the poverty problem. Regarding this, I think that, for Thailand, whose delegation comprised representatives of several sectors including NGO's and agencies from various ministries, especially the secretary general of the National Economic and Social Development Board, this will help make our development plan nicer and clearer. [end recording]

Bangkok, Hanoi Agree To Work on Gulf Issue

BK1503072795 Bangkok BANGKOK POST in English 15 Mar 95 p 8

[FBIS Transcribed Text] Bangkok and Hanoi have agreed to try to settle overlapping claims in the Gulf of

Thailand before Vietnam is admitted as a full member of the Association of Southeast Asian Nations, Foreign Minister Krasae Chanawong said yesterday.

The resolution came during a one-hour meeting between Dr Krasae and his Vietnamese counterpart Nguyen Manh Cam, who stopped over in Bangkok on his way to South Africa and other countries to seek out new markets.

"We'd like to see the talks brought to a close as soon as possible," Dr Krasae said.

He said the next technical meeting of experts in maritime law from both countries should be able to settle the remaining points and sign a agreement.

Dr Krasae explained that both countries want to see the issue resolved before July.

With Vietnam's membership in ASEAN, other countries could be drawn into negotiations on overlapping claims, further delaying a settlement.

Senior officials of both countries have held three rounds of talks on the issue, which have produced "acceptable and satisfactory" results. A few details remain for discussions at a higher level.

The fourth meeting, scheduled to be held in Ho Chi Minh City soon, is hopefully the final one, Dr Krasae said.

The Vietnamese foreign minister said that after returning from South Africa he will instruct concerned officials to proceed and settle the issue.

The delineation of territorial waters, when settled, will facilitate future negotiations on other issues, he said.

The two ministers were briefed on the progress of the first Thai-Vietnamese Joint Committee Meeting on Fisheries and Order at Sea held in Phuket last week. Both agreed it produced satisfactory results, and both countries will continue to emphasise cooperation to reduce fisheries problems.

During the meeting yesterday, Dr Krasae expressed understanding over Vietnam's constraints in joining the ASEAN Free Trade Area soon after it obtains full membership of the association.

Vietnam is expected to be officially admitted to ASEAN at the forthcoming annual meeting of ASEAN foreign ministers in Brunei in July.

Due to differences in economic structure, Vietnam is not expected to be able to implement the economic mechanisms of ASEAN immediately.

Dr Krasae took the opportunity to extend an invitation to his Vietnamese counterpart to pay an official visit to Thailand soon.

Dollar's Fall Slows BIBF Lending Program

BK1403164095 Bangkok BANGKOK POST in English 14 Mar 95 p 16

[FBIS Transcribed Text] The US dollar's sharp decline has hurt lending under the Bangkok International Banking Facilities [BIBF] scheme even though the difference between the domestic and overseas interest rates is still high enough to attract foreign funds, bankers said yesterday.

The greenback's continuing slide has caused borrowers to feel uncertain about the dollar's value and, as a result, they are delaying their planned borrowings, said Dr. Nimit Nonthaphanthawat, executive vice president of the Bangkok Bank.

Last year, the BIBF loan extension jumped by about 150 percent from 200 billion baht in 1993 to 500 billion baht, he said.

Dr. Nimit predicted the BIBF loan extension would slow down and possibly decline this year, particularly lendings in US dollars.

Although the authorities have allowed foreign BIBF banks to open offices in the provinces, provincial businesses still demand their loans in baht and the baht loan is expected to expand by 17 percent this year, he said.

However, Dr. Nimit noted that borrowers may begin taking BIBF loans in other currencies such as the Japanese yen and the Deutsche mark.

A BIBF official from the Thai Farmers Bank said the domestic prime rate is currently 12.75-13.25 percent, while the Singapore interbank offered rate (SIBOR), which is also a benchmark of BIBF rates, is set at 6.3125 percent.

However, because the US dollar continues to sink, the forward swap premium for the greenback is as high as 20 satang per dollar per month which makes the cost of a dollar loan higher than borrowing locally.

Chatchavan Phanalap, Siam Commercial Bank's senior vice president for the money and capital market group, said his bank has recommended its customers delay plans to take out foreign loans. But if customers must take such a loan, the bank would recommend borrowing in US dollars. "We believe the US dollar will decline further, so borrowers will benefit when it comes time to repay," he said.

He viewed the slowdown in BIBF activity as a short-term phenomenon .

The Bank of Thailand's chief spokeswoman Nopphamat Manolihakun said the money market situation eased yesterday. Although the Financial Institution Development Fund (formerly the Fund for Rehabilitation and Development of Financial Institutes) had reduced its interest rates for lending in the repurchase market from 16-16.5 percent to 15.5 percent, there was no demand for loans from the fund.

More German Investors Expected in Region

BK1503032195 Bangkok Radio Thailand Network in Thai 0530 GMT 14 Mar 95

[FBIS Translated Text] Chokchai Aksoranan, president of the Federation of Thai Industries [FTI] who accompanied the prime minister's delegation to European countries, believes that German businessmen are interested in investing in this region, and the FTI is ready to serve as a coordination center for those investors wishing to invest in Thailand.

[Begin Chokchai recording] First, they may set up their representative offices here and send their goods to test the market. If proven successful, they could further consider joint ventures. On this, I proposed that we be able to act as a coordinator for them. From the visit, I feel that German businessmen are eager to invest in this region. The German Government has prepared about 300 million marks to invest in infrastructural projects in Indochinese countries, including Thailand. In a joint meeting with them, I emphasized that they should not forget Thailand, because Thailand can well serve as a springboard since our country is surrounded by various other countries in which they would be able to do business. These countries include Burma, the ASEAN nations, or really, all Indochinese countries. [end recording]

Chuan Offers To Mediate Spratlys Dispute

BK1403163795 Bangkok BANGKOK POST in English 14 Mar 95 p 3

[FBIS Transcribed Text] Prime Minister Chuan Likphai yesterday said Thailand was ready to help mediate the dispute between China and the Philippines over the Spratly Islands.

Beijing has increased its military buildup in the disputed island chain during the past month drawing protests from the Philippines.

The prime minister made the comment after his meeting China Premier Li Peng in Denmark yesterday.

"We are ready to help play a role in settling the problem so that the dispute should be peacefully resolved with understanding," said the prime minister.

Prime Minister Chuan said during his recent meeting with the Philippines' Defence Minister Renato De Villa that he had informed the defence minister of Thailand's concern at growing dispute over the islands.

The premier said he voiced the same concern to Chian Premier Li Peng during yesterday's meeting.

"If China thought that we should help play a role in maintaining peace in the area then we would be delighted to help contribute so that all sides concerned would have a chance to meet each other and find peaceful solutions to the problems," said the premier.

Philippines' President Fidel Ramos had earlier accused China of a military buildup in the islands.

The latest row over the mineral and oil rich chain of islands in the South China Sea—claimed all or in part by China, the Philippines, Vietnam, Malaysia, Brunei and Taiwan—centres on Mischief Reef, in the Kalayaan island group.

China recently confirmed that it had set up facilities on the reef, but said they were shelters for Chinese fishermen rather than a military base.

However, Philippines Foreign Minister Roberto Romulo has showed reporters photos of Chinese-flagged vessels and structures on a reef in an area claimed by Manila.

Prime Minister Chuan said an agreement had been reached during his meeting with the Chinese premier to jointly organize a celebration in July, to celebrate the close relations between Thailand and China over the past 20 years.

The premier said Li Peng stressed during the meeting that China had given its priority toward ASEAN countries and admitted that it was essential for both sides to closely cooperate in resolving any conflict including the dispute over Spratly Islands.

Chiang Rai 'on Alert' for Burmese Intruders

BK1403163095 Bangkok BANGKOK POST in English 14 Mar 95 p 8

[FBIS Transcribed Text] Authorities in Chiang Rai province are on alert for intruders as Burmese troops appear poised to launch an annual dry-season offensive against the Khun Sa-led Muang Tai Army (MTA).

At least two Rangoon battalions were reported to have laid siege on drug warlord Khun Sa's major military base, 15 kilometres from Thai territory, a border source said.

Burmese forces were transported via Thachilek opposite Chiang Rai's Mae Sai district in about 30 military trucks.

Their weapons, equipment and supplies were carried by about 300 draught horses, the source said.

They had patrolled Doi Pha Daeng Noi and Doi Pha Daeng Luang which are traditionally under Khun Sa's influence.

Burmese people were recruited by Rangoon troops as porters carrying food to support patrol units, the source said.

But no clash between Rangoon troops and the MTA has yet been reported and trading and tourism-related business between Mae Sai and Thachilek is continuing as usual.

Border Patrol Police, narcotics suppression and intelligence units have been told to carefully watch for possible illegal aliens who might be involved with war weapons trafficking and drug smuggling.

Chiang Rai Governor Khamron Bunhoet said the dry-season attack occurs annually but varies in intensity.

The clash has before resulted in Burmese refugees fleeing to Thailand to seek refuge along the border.

The governor vowed to strictly cling to the government's policy of not letting anyone use Thai soil to attack other forces and not to interfere with any country's internal affairs.

Burmese Forces Shell Khun Sa Stronghold

BK1503071995 Bangkok BANGKOK POST in English 15 Mar 95 p 8

[FBIS Transcribed Text] Burmese government troops yesterday bombarded the stronghold of Khun Sa's Muang Tai Army (MTA), forcing about 100 Shan civilians to seek shelter near the Thai border, according to Mae Sai District Chief Phakdi Ratanaphon.

He said the artillery and mortar attack on the MTA base, some 15 kilometres from the Thai border, was heard in Mae Sai.

Burmese government troops are believed to be preparing to launch a dry-season offensive against the MTA as their forces have reportedly transported supplies in 30 military trucks to a staging area via Tachilek opposite Mae Sai since March 5.

A Border Patrol policeman yesterday told the BANGKOK POST about 700 soldiers had on Saturday entered Doi Pa Daeng Luang in Pang Ma O area where the MTA base is situated.

An MTA source said about 2,000 of its military personnel were stationed there.

Mr Phakdi said he did not think the situation was serious and would not affect Thailand.

However, he said shelters have been prepared for people living along the border to move in to if they are forced out of their homes by the fighting.

He said the Naresuan Task Force, Border Patrol Police and local police are cooperating to guard the area along the border which is expected to be affected by fighting.

Mr Phakdi quoted a report as saying that a TV Channel 7 cameraman was detained on Monday by Burmese authorities in Tachilek while filming.

However, he was released after a talk between Mae Sai police, district officials and Burmese authorities.

Meanwhile, Shan State National Congress President Gar Gede said the decision by the Burmese Government to lay siege to drug warlord Khur Sa's military base in Pang Ma O was aimed at polishing its tainted international image.

"They (Burmese Government) are just trying to tell the world that they are ready for the (Mekong Sub-regional Economic Cooperation) Golden Quadrangle project," he said, adding that the Burmese Government has failed to provide confidence to investors in terms of security and safety.

Report Views Lao Cabinet Reshuffle

BK1503020395 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 14 Mar 95 p 1

[Report by Saritdet Marukhathat]

[FBIS Transcribed Text] Few diplomats and Laotian observers are surprised at the latest Cabinet reshuffle announced during the National Assembly session last week.

It was just a matter of time, according to diplomats in Bangkok and Vientiane of the change which has been speculated about for months.

The reshuffle reflects an attempt by Laotian leaders to find the right person, especially young, for the right job in running ministerial affairs.

As Chaleun Yiapaoheu, chief of the assembly's secretariat, put it last week, one aim of the reshuffle is to improve the performance of its administration.

But it is also evident that with the reshuffle paving the way for Saisomphon Phomvihan to be promoted from governor of Savannakhet to Finance Minister, the influence of his father, the late leader of the Lao People's Revolutionary Party Kaysone Phomvihan, remains strong among Laotian decision-makers.

The new line-up also sees former finance minister Khamsai Souphanouvong, son of the late president Souphanouvong, promoted to Minister of the Prime Minister's Office, replacing Phao Bounnaphon who has been appointed Minister of Communications, Transport, Post and Construction.

Prime Minister Khamtai Siphandon has assigned former communications minister Bouathong Vonglokham to the Committee for Planning and Cooperation under the supervision of its chairman, Deputy Prime Minister Khamphoui Keoboualapha.

The governor of Khammouane Province, Inpong Khaignavong, has been moved south as the new governor of Savannakhet.

The changes took place at the Finance, Prime Minister's Office, and Communications, Transport, Post and Construction ministries, key agencies during a period when the Vientiane government is focusing on national development and economic reforms.

Saisomphon followed the traditional practice in Laos—Savannakhet is always a step for the provincial governor to move to a higher position.

"Look at the governor of Vientiane city as an example," one analyst said. "Boun-gnang Volachit, used to govern Savannakhet before moving to Vientiane."

"The coming of Saisomphon to the cabinet demonstrates that Laotian leaders have respect for Kaysone," the same analyst noted. Kaysone, who died in late 1992, was the man who led the party as the sole ruler in Laos in 1975.

However, another analyst in Vientiane argued that Saisomphon's performance in Savannakhet is well recognised by the party and he deserves the position previously occupied by Khamsai.

The southern province is very successful in launching the integrated development plan in Laos under the provincial development committee, according to the analyst.

Khamsai moved to the Prime Minister's Office Ministry, a position regarded as "the right-hand man" of the prime minister owing to its function which is more or less Khamtai's secretary.

Analysts have reservations about the new job for Khamsai, saying "his future role remains to be seen for a while".

Indeed, Khamsai's performance at the Finance Ministry is well regarded, especially because he could stabilise inflation and the foreign exchange rate which are major factors in controlling consumer prices for Laotians and attracting foreign investment.

Laos keeps inflation under 10 per cent.

Inflation in 1993 was estimated at 6.3 per cent, compared with 17.7 per cent three years earlier.

The exchange rate to the US dollar is steady between 695 and 724 kip for the past three years, according to the 1993 National Statistical Centre, which is under the Finance Ministry.

But his ministry's new road tax effective this year generated complaints from taxpayers about the high rate. The prime minister late last month had to announce a "subsidy" of up to 60 per cent of the charge, one analyst commented.

Phao's new task would be to boost the role of the Communications, Transport, Post and Construction Ministry by translating the government's long-term development plan into practice, analysts said.

Laos has set infrastructure development, especially road improvements, as a priority in its socioeconomic development plan toward the year 2000.

Thus, his ministry is one of the key players in overseeing development projects.

The government's expenditure budget shows the transport and communication sector led all programmes in 1993-94 with a total of 57.6 billion kip, almost half the budget of 121.9 billion kip.

Phao's team of western-educated scholars, who have been with him since he was in the External Economic Relations Ministry, might be moved with him to run the new ministry, the same analyst said.

Phao should have no difficulty in the new position. He returns to a ministry he once took charge of in the 1980s.

He was transport and post minister in 1982 before moving to become minister of the now-defunct external economic relations ministry from 1989 to 1992, his latest post before he went to the Prime Minister's Office in 1993.

Broader Use of Laundering Law Opposed

BK1403163895 Bangkok BANGKOK POST in English 14 Mar 95 p 2

[FBIS Transcribed Text] House Speaker Marut Bunnak has come out in opposition to a proposal to use anti-money laundering legislation against all illegal businesses, not just the drug trade.

Mr. Marut said basic human rights should be observed and not be made subject to the laundering law otherwise innocent people might be penalised.

It has been proposed applying the laundering law to tackle crimes such as prostitution,

Mr. Marut said the proposed examination of people's accounts if they have assets of 500,000 baht or more is incorrect as most innocent middle-class people probably have this much money.

There were other laws to cope with these offences and so the laundering law should be reserved for suspected drug dealers, he said.

The Office of the Narcotics Control Board has drafted the anti- laundering legislation which Deputy Prime Minister Banyat Bantattan says will be forwarded to Parliament during the next session.

Vietnam

Reportage on Writers Association Congress

Do Muoi Addresses Congress

BK1503025095 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 12 Mar 95

["First part" of a speech by Do Muoi, general secretary of the Communist Party of Vietnam, at the opening of the Fifth Congress of the Vietnam Writers Association in Hanoi on 12 March—recorded]

[FBIS Translated Text] On behalf of the party Central Committee, I would like to extend my warm greetings to the Fifth Congress of the Vietnam Writers Association [VWA]. [applause]

Five years ago, on behalf of the party and state, I attended the association's fourth congress in this same conference hall at a time when our people were striving to overcome many difficulties and challenges to carry out the renovation undertaking. I am very pleased to meet you again today amid a jubilant and enthusiastic atmosphere, when our people are making active preparations to commemorate major national anniversaries and at a time when the nation has made very encouraging progress in the journey toward a bright future. Through their creative work, writers have made positive contributions to that journey by promoting the strong development of our country's literature. Along with the growth of the contingent of writers, your achievements constitute the pride of the Vietnamese fatherland and people. [applause]

I would like to take this opportunity to share the following views with you:

Dear comrades, from the first decades of the century, Nguyen Ai Quoc had a very profound belief that the conditions for success can only exist when the national liberation undertaking is closely linked with the construction of a good society. He regarded culture, literature, and art as very important areas of activity. Prior to the August 1945 general uprising, the party organized the National Salvation Cultural Association as part of the Viet Minh front. At that time, participation in the Viet Minh front meant readiness to accept imprisonment and exile. Nonetheless, many writers, poets, and artists joined the front. Many of those comrades are present here today. When the party initiated the nationwide war of resistance, almost all of our writers and artists enthusiastically participated in the cause of national independence and the socialist ideal because the struggle responded to the noble aspirations of writers and artists. During the anti-French war, a new generation of writers emerged and created many works to support our people's heroic struggle. During the anti-U.S. war, the contingent of writers did not stop increasing in size. Our wartime literature contributed to setting new spiritual values and forming heroic units and noble individuals.

Today, a new generation and a new source of strength has been added to the ranks of writers. These are people who grew up in the postwar period. These members have given us a larger organization and will have a bigger contingent of successors. Four generations of writers have united under one roof after having faced many challenges. This is a valuable asset of the revolution and the nation. Efforts must therefore be made to preserve and develop it. [applause]

Over the past several years, faced with new circumstances and new changes, our entire party, Army, and people have made every effort to implement the socioeconomic development platform and strategy chartered by the seventh national party congress. Continued efforts have been made to implement the renovation undertaking and very important achievements have been made in all fieldas shown by the high economic growth rate, social and political stability, cultural development, marked improvement in the people's conditions, consolidation of national defense and security, broadening of foreign relations, and constant improvement of the national situation. These outstanding changes for the better have enabled us to shift to a new stage of development and boost the indulization and modernization program a step further to lead the country out of backwardness and poverty, thus achieving the goals of the people rich and the nation powerful, bringing about justice and civilization in society, and firmly safeguarding national ixendence and sovereignty. Among the great achievements of our people nationwide are the positive contributions of writers and of the VWA. [applause]

On behalf of the party and state, I would like to warmly commend Vietnamese writers of all generations for their great contributions and for the achievements of our country's literature and art. It is my hope that each and every one of you will constantly bring your creative work into play to make the garden of Vietnamese literature and art blossom and bear beautiful and fragrant flowers with every passing day. [applause]

Comrades, our country is endowed with a cultural tradition dating back thousands of years. Great cultural talents have emerged from various dynasties. Many kings and national heroes have been known as writers and poets. Le Thanh Tong was both a good king and the leader of a poem-writing society. Ly Thuong Kiet, Tran Hung Dao, Tran Quang Khai, Nguyen Trai, and others left immortal poems for subsequent generations. The generations that have followed have preserved and fostered this cultural tradition. This can be seen through the emergence of such poets as Nguyen Du, Doan Thi Diem, Ho Xuan Huong, Nguyen Binh Khiem, Nguyen Dinh Chieu, and others. Along with this literary movement there has also been a diverse folk culture movement, heavily imprinted with Vietnamese traits, that has served as the voice of the ordinary laboring people and contributed to our country's priceless cultural treasures.

This generation has inherited the nation's cultural and moral values. While acquiring the best aspects of mankind, it carefully preserves and develops the Vietnamese cultural tradition and identity. Each spring, Uncle Ho—a symbol of world culture—extended Tet lunar new year greetings to his compatriots in a poem. Soldiers have also written poems because poems have direct access to the sentiments and hearts of the people. During the years of the resistance war, troops and volunteer youths fought the enemy while enjoying singing, dancing, acting, and writing poems. Literature and art served as a weapon in the struggle for independence and freedom and for human value and dignity. They have also brought lofty sentiments and sources of optimism and confidence to mankind. Our people admiringly appreciate the deeds of the many generations of writers for having shared their feelings and helped lift their spirits during various stages of struggle. Comrades, our people are looking forward to reading more of your interesting works.

Writers show their talent and personality through their works. It would be a great joy for a writer to have his works and name admired and passed on from one generation to another, thus enriching the treasures of Vietnamese culture.

Having closely monitored the activities of the Writers Association over the five years since the fourth party congress, comrades, the party is pleased with your many new efforts. The party is also aware of the difficulties you are facing amid major changes in the situation and the crafty and perfidious attempts by hostile forces to sow divisions in our internal ranks, overthrow our regime, and destroy the revolutionary gains that have been achieved by our people through untold sacrifices of blood and bone. This is a truly complex struggle in which cultural and artistic inspiration are always regarded as an important area of activity.

It is the party's hope and belief that with their profound knowledge, our writers will draw lessons of experience from the activities of their colleagues, know what to do and what to avoid, strive to fulfill their lofty mandate as writers, and join the entire people in achieving success.

Do Muoi Speech Continues

BK1503104995 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 13 Mar 95

["Last part" of a speech by Do Muoi, general secretary of the Communist Party of Vietnam, at the opening of the Fifth Congress of the Vietnam Writers Association in Hanoi on 12 March—recorded]

[FBIS Translated Text] I fully support the main recommendations outlined in the report by the association's Standing Committee. Generally speaking, in the field of literature we have made significant progress in the last five years. Our literature has become more sophisticated and diversified, with vast amounts of new creative work. Some publications with artistic and ideological value have been widely accepted by readers, and many young writers have drawn instant attention from writers' circles with their very first efforts. These are promising young literary talents that need to be nurtured.

It is necessary to note that you have made these achievements while having to cope with difficult living. Writers have righteously attributed this success to the correct guidance of our renovation policy. It is correct that our party's renovation policy, in its fundamental sense, aims to liberate the production force and develop the creative potential of the people, including writers. I heartily commend our writers for their efforts to consolidate unity among their colleagues and for contributing to the safeguarding of our country's stability in the renovation process to make our development permanent and steadfast.

The report also pointed out the shortcomings that need to be tackled as well as the major cause of these shortcomings; that is, the occasional limitation in perception among certain groups of people due to confusion and disorientation in the fast-changing and complicated situation. I agree that our literary activities in the recent past have experienced ups and downs as well as mistakes, with authors going against the stream or even betraying the heritage of our ancestors and our revolutionary and literary accomplishments.

The truth cannot be altered. Our accomplishments are objective and should be acknowledged by everyone and recognized by history. No person or force can denounce them. The commendable point is that many writers have adjusted their perceptions through literary discussions. Eventually, truth is still considered the most characteristic criterion of all writers.

During the process of preparation for the congress, some people held that the party has been lax at times in the literary front. Others thought the party has been too strict in dealing with mistakes by writers. Some comrades told me that writers need to be different from each other; if everyone is the same then only one writer is needed. I understand that works of art need to be widely diversified and writers should be given ample leeway [khoong gian roongj lowns]. Our party's policy on art and literature has never diverted from that direction.

In the renovation process, the party has always strived to create better conditions for writers to develop their creativity. Works of art in the past have embraced all issues and facets of life. At the same time, we have always understood that art and literature can never be detached from politics. Freedom of creative activity in the fields of art and literature means freedom to serve the people and the fatherland and encourage the people to struggle to make better contributions toward a more beautiful and prosperous country and a happier and more affluent material and cultural life for the people. For that reason, the party should look after the political and ideological elements in literature and give recommendations when needed. This reflects the party's responsibility while helping writers follow the right direction in their creative work.

Each piece of literature has its own life, which sometimes develops beyond the author's expectations. As you know, dissidents will not miss the slightest political mistake in our literary works to use against us. The responsibility of writers at present, therefore, is heavy; that is, the responsibility to our fatherland, our people, and readers of present and future generations.

The resolution of the party Central Committee's fourth plenum on a number of issues relating to cultural and art work in the immediate future—which has won your unanimous agreement—pointed to positive changes and shortcomings that need to be overcome. I would like to add that our party initiated the renovation policy because some policies in the past, including some mistakes, become unsuitable to the current situation. The renovation undertaking can only succeed, however, on the foundation built by the revolutionary accomplishments of our people. These are deep-rooted in social life. To reject them all and start over again on a different route—to deny our heritage, and to give over to nihilism [chur nghiax huu voo]—would be an extremely dangerous mistake that many countries have been and still are paying dearly for. This is also true in the field of literature.

The special domain of literature and art in general, and literature in particular, is the spirit. The spirit of the Vietnamese people has been formed through thousands of years of history. It has also been forged during a half century of fighting for national liberation and protection and human emancipation under socialist ideals. It is the spirit of people with devoted patriotism who always treasure and take pride in our predecessors' fine traditions of human value, mutual assistance amid hardship, and readiness to sacrifice for the great national cause, independence, and freedom. Our literature would meet a dead end if it deviated from this tradition.

Literature is meant to help enlighten and push back darkness in the people's spirit and to meet public demand for the true, the good, and the beautiful. We selectively appropriate the best parts of world culture to beautify and perfect our literature and our people's national spirit, just as our ancestors did. In so doing, we are also better prepared to continue with our new long march against poverty and backwardness to build a beautiful, prosperous, just, and civilized society. Our people will not accept anything else.

I do not write prose or compose poems, but as a person in charge of party work I regularly pay attention to the training and work of talented literary people. Through exchanges with leaders of the Writers Association and with writers, I have learned that there are many issues requiring party and state assistance. At present, not many writers can make a living from their profession. We have to do something to help writers improve their general knowledge, gain more experience from reality, and develop their cultural potential. The important thing is that we must create conditions for them to make a living from their profession. These are things that we must examine together to find suitable measures.

In past years, the party and state tried to do certain tasks to help literary and art associations, including the Writers Association. The state promulgated the Publication Law and the Regulation on Copyright Protection. It started granting financial assistance to some publishing agencies. It increased funding and created more material bases for some literary and art associations.

In the preparatory process of this congress, some comrades mentioned difficulties caused by the lack of a concrete policy on people doing creative and art work. They said the government has not invested properly in literature and art, especially in writing and composing works, and that the party and state agencies in charge of literature and art have not met the demand for the development of literature and art in the new situation. This demand is legitimate. If we were able in 30 years of fighting to guarantee basic living conditions for our writers and provide favorable conditions for them to gain practical experience, print fine books, and deliver their works to readers, why can we not do that today? If we were able to produce praiseworthy literature when living conditions were very poor under merciless bombing and shelling during the war, why can we not have advanced national literature and art when the economy has developed much more than before? I think this task must be accomplished and we are capable of accomplishing it.

Many party and state documents have clearly maintained that culture is an internal factor of progress as well as an objective and moving force. We still have a lot of work to do to meet the development needs of culture, literature, and art in the new situation in order to implement the fourth party Central Committee plenum resolution on culture, literature, and art. Nonetheless, the most important factor that will decide the future of Vietnamese literature lies in your hands. You are the ones who set artistic values, enrich the literary heritage and cultural traditions of our nation, help improve our people's spiritual life, and keep our national culture on par with major cultures in the world. It is our hope that you will make efforts to fulfill that noble mandate.

Dear comrades, it is our belief that to carry out the noble yet heavy mission of writers and of the Writers Association, each and every one of you must promote unity with one another both inside and outside the party. We respect the freedom of creativity and style of each individual writer. The contingent of writers as a whole, however, should set a common objective and regard it as a starting point and a basis for strengthening unity and generating strength so that everyone can bring their capabilities and strong points into full play to serve the fatherland and people and make the renovation undertaking a success.

Let writers accelerate the movement for criticism and self-criticism, including literary criticism and self-criticism. Instead of opposition, let everyone adopt a sincere, scientific, reasonable, and sensible attitude. Efforts must be made to avoid dictation. Let everyone work together to search for the truth and thereby strengthen unity. This is an sign of civilization and of a culturally proper attitude toward life and literature.

Writers should guide their readership in the search for the true, the good, and the beautiful through their works and even through their personal efforts to search for the true, the good, and the beautiful in the creation of literary works and in daily life. Instead of trying to teach people what to do, let us give first priority to our own education. To contribute to social progress, we must attach primary importance to efforts for self-improvement. These are the people's expectations of their writers.

A decisive factor in the success of creating literary works rests with the efforts to arouse a source of inspiration; uphold a sense of purpose; nurture great ambitions; and remain united with the revolution, the masses, the fatherland, and the renovation undertaking of the party and people. The realization of this goal calls for a very personal effort by writers themselves. It is our hope that you, comrades, will heighten your sense of responsibility and concentrate the wisdom of the congress on the major current issues of literature and art.

It is necessary to make a correct evaluation of the situation; learn from the experience of five years of operations; draw lessons and set correct orientations, tasks, and measures; devise appropriate operating procedures based on real life situations; and elect an Executive Committee capable of handling the heavy workload of the new term, thus constantly leading our country's culture forward.

With profound belief in the four generations of writers who have come here from every part of the country in mid-spring and at a time when the nation is enjoying new opportunities, I would like to wish your congress fine success. [applause]

Congress Closes; Resolution Passed

BK1503061295 Hanoi VNA in English 1441 GMT 14 Mar 95

[FBIS Transcribed Text] Hanoi VNA March 14—The Fifth National Congress of the Vietnam Writers Association closed here today after three days' working.

The congress elected a five-member Executive Committee of the association with poet Nguyen Khoa Diem as its general secretary.

During the congress, the delegates passed the congress's resolution and orientations of action from now to 1999.

In the afternoon, Mrs. Truong My Hoa, secretary of party Central Committee and president the Vietnam Women's Union cordially received woman writers who attended the congress.

Foreign Investment in Medical Care Approved

BK1403034095 Hanoi VIETNAM INVESTMENT REVIEW in English 9-15 Jan 95 p 5

[FBIS Transcribed Text] The door to foreign investment in medical treatment facilities swung open last week with the approval by Vietnam's Health Ministry of guidelines for investors wishing to open hospitals, clinics, medical consultance and medical technical services.

Health Minister Nguyen Trong Nhan signed circular No. 22/BYT-TT in late December 1994 authorized the investment under Vietnam's Law on Foreign Investment.

The move clears the way for tens of millions of dollars in foreign capital, delayed by unclear legislation concerning foreign participation in medical treatment. Most have proposed joint ventures to open facilities serving the country's growing expansive population.

Other proposals, concerning general service hospitals for Hanoi and Ho Chi Minh City, have been held in the pipeline for quite some time.

The action is significant for the American company AAA which proposed to operate a 49-bed hospital in joint venture with the Gia Dinh People's hospital in Ho Chi Minh City.

Acer Asia Pacific has plans for a 100-bed US$18 million hospital in a deal with the People's Hospital No. 115, also in Ho Chi Minh City.

In Hanoi, two US firms—First Choice Realty and Investment Inc and the Real Estate Medical Investment Trading Inc have proposed to join with the Military Tran Hung Dao Hospital and build a US$10 million hospital.

The circular encourages investors to link together in joint venture with Vietnamese organizations and individuals, specifying joint venture hospitals, joint ventures to provide medical consultation, and joint ventures in medical-technical services.

State-owned and private hospitals, general and specialized hospitals and offices for general and specialized medical examination owned by the State are permitted to form such joint ventures.

Minimum investment capital for a hospital is US$20 million, capital for a general medical consultation office is $2 million, and for a specialized medical examination office is $1 million.

The State Committee for Cooperation and Investment (SCCI) will issue licenses to foreign-invested medical institutions, the circular states.

The Ministry of Health will perform the State function to manage these institutions and monitor their professional qualifications.

So far, Vietnam has not licensed any projects in the health care sector, except for pharmaceutical supply and evacuation services.

Minister Discusses Simplifying Foreign Licensing

BK1403095895 Hanoi VIETNAM INVESTMENT REVIEW in English 16-22 Jan 95 p 24

[Report by Cam Nhung]

[FBIS Transcribed Text] The State Committee for Cooperation and Investment's [SCCI] Chairman Dau Ngoc Xuan last week emphasized the Government's willingness to make necessary changes to the investment law and sub-laws, to bolster flagging investor confidence in Vietnam and calm recent grumbling about the country's investment environment.

"People complain that there are too many changes in the rules. But they forget one important issue: in what direction are these changes being made? Is it for the better or for the worse," he said, during an informal gathering with local press.

Xuan defended the Government's efforts to streamline the licensing process through a series of new decrees including the latest decision to place investment projects of over US$40 million under the control of the prime minister's office.

"We are also reducing land rents," Xuan said.

He said the most important change in the new licensing process was a change in attitude. "We are abolishing an earlier mentality... we will set up application criteria, those who meet with these criteria are automatically licensed. In other words, we are not granting things, we are providing them," he said.

"The new one-door policy here must be understood as one government agency representing the Government to take care of everything for the investor.

"Another new thing here is the time limit that ministries and provinces have to observe when processing applications," he said.

"Foreign investment in Vietnam in 1994 is higher, not only in terms of capital, number of projects but also in terms of realized capital," Xuan said in reply to concerns that the investment surge may have slowed some.

Official figures released by the SCCI said that in 1994, 362 licenses were issued with a registered capital of US$3.743 billion. Also in 1994, additional capital of US$515 million was approved for 72 existing projects. Subtracting US$187 million from the figure to account for the 54 withdrawn licenses in 1994, the total capital for the year comes in at US$4.071 billion, an increase of 45.4 percent over 1993.

Xuan said another important trend of investment in 1994 was the improvement in investments of importance to the national economy. "There are more projects in cement and steel production," Xuan said. He cited as a positive example the growing interest in Vietnam of bigger corporations. "We have received project applications from eight world renowned automakers: Toyota, Nissan, Suzuki, Ford, Chrysler, GM, Mercedes and Peugeot," he said.

Other big newcomers include corporations from the United States and Japan. The ratio between investment in the north and in the south has evened out some, Xuan said.

"Northern provinces used to account for only 25 percent of all the investment but now that has been raised to 45 percent," Xuan said.

Xuan said projects waiting for approval in the early days of 1995 had already reached 80.

Xuan came to Ho Chi Minh City to meeting with cabinet members and provincial chiefs.

Xuan said there would be no authorization from the SCCI to cities like Ho Chi Minh City to grant licenses, but that post-license management will rest with local authorities.

Infrastructure Issues, Projects Examined

Road Construction Needs Outlined

BK1503071795 Hanoi VIETNAM INVESTMENT REVIEW in English 16-22 Jan 95 p 24

[Report by Cong Thanh]

[FBIS Transcribed Text] When Vietnam adopted its "renovation" policy (Doi Moi) in 1986, one of the first items targeted for change was the country's crumbling network of dusty roads and highways.

Roadwork costs for the coming years will come in at well over US$1 billion. While the bulk of this capital rests with foreign bodies, the Vietnamese side will have to come up with 10-20 percent for all of the projects.

Vietnam's fund raising ability is being put to the test and may become a major obstacle to completing the road improvements, "considering the massive cost of each and every project," said Ha Dinh Can, director of the Ministry of Transportation's Investment- Planning Department.

By successfully raising its share of these funds the country may move forward with bolstered financial credentials into a more active role in the global economy, Can said.

Financial institutions such as the World Bank (WB), Asian Development Bank (ADB), and the governments of Taiwan, Japan, South Korea, and Australia have responded with cash promises to help Vietnam fill the potholes.

The Vietnamese share of the funds may be raised through commercial loans with international banks. A similar type loan of US$100 million to finance the Vung Tau gas pipeline, is currently under negotiation between PetroVietnam and Leehman Brothers of America.

Key to the country's success in raising additional commercial funds is the level of confidence among financiers worldwide in Vietnam's ability to make good on their commitments to repay.

Banks are keeping a keen eye on the few commercially negotiated loans here as a test for further funding.

International lending institutions have already promised a spate of noncommercial loans.

One of the first transport projects to receive a hand was National Highway 5, considered the "life-line" of Hanoi as it links the capital to Haiphong port and coal-rich Quang Ninh province.

The US$30 million renovation of one stretch of the highway is being carried out by the joint venture CECBECCO linking Continental Engineering Construction Co (CEC) of Taiwan with Vietnam's Bat Son Construction Company. The contracts for Dong Nien and Lai Vu bridges on Highway 5 also went to CEC but with another Vietnamese partner, Thang Long Bridge Construction Corp.

A large section of Highway 5 will be renovated with Japanese aid funds totaling US$280 million. Procedures for international bidding and contracting of the Highway 5 project will take place from February to October 1995, according to sources from the highway's managerial board. The whole project should be completed in 1998.

Another focus is the renovation of the 2,000 km trans-Vietnam Highway No. 1, running the length of the country.

More than 70 contractors from 10 countries have advanced into the next stage of bidding for the first two contracts on this colossal project. The first contract, valued at US$176 million, concerns the 280km section from Hanoi to Vinh and the 150km stretch from Ho Chi Minh City [HCMC] to Can Tho. For these sections, the World Bank will provide US$158.5 million in loans.

The second contract goes toward the 435km section connecting Ho Chi Minh City to Nha Trang. Of the US$141 million total value, the ADB will assist with US$120 million in loans.

Thirty-eight bridges along these sections will require another US$120 million which has already been promised by the Japanese Government. Construction for these first two contracts is planned to start in 1995 and finish by the end of 1998.

After donating US$2 million in non-refundable aid for the feasibility study of My Thuan bridge, the Australian government has promised to finance the bridge construction.

The Gianh River bridge project, with a total investment capital of US$14.7 million, is currently under construction thanks to a US$4.7 million loan from the French Government. Completion of this project is expected for 1996.

Experts from the WB and the ADB are continuing their surveys of the remaining sections of Highway I which include the Hanoi-Lang Son (154km), Nghe An-Dong Ha (340km), and Dong Ha-Nha Trang (810km) sections.

International banks have promised more loans to upgrade these sections once the studies have been completed.

Construction on the 81km Highway 18 linking Chi Ling (Hai Hung) and Bai Chay (Quang Ninh) should be aided with a US$70 million investment package from South Korea. Upgrading work may begin by early 1996.

The Vietnamese Government is also chipping in US$9 million to upgrade Highway 183 which serves Hanoi and the prominent tourist- industrial zone, Quang Ninh. The Ministry of Transportation hopes to begin the work by mid 1995.

Waiting eagerly for capital is Route 14 (283km connecting Buon Me Thuot and Chon Thanh) which needs US$62 million for renovation. A French consulting agency has submitted a feasibility study for work on the road from HCMC to Vung Tau.

Energy Supply Network Reviewed

BK1503074695 Hanoi VIETNAM INVESTMENT REVIEW in English 23-29 Jan 95 p 18

[Report by Hong Hanh]

[FBIS Transcribed Text] Considerable progress has been made by the Electricity Branch of Vietnam over the past decade in improving the country's energy supply network.

Power capacity has risen from 1,734 MW [megawatt] in 1986 to and 4,432 MW in 1994. The 220-110kv [kilovolt] transmission line now stretch over 6,300 km, up from 2,438 km in 1986.

Transformer stations now handle over 7,000 mVA [megavolt-ampere], an almost seven-fold increase from the 1,164 mVA eight years ago.

The distribution networks of 35 kv and less have also expanded significantly. In 1986, the line extended 21,103 km, and by 1994 it was an estimated 55,000 kilometers and the capacity of the accompanying transformer stations had grown to over 9,000 mVA.

The largest single project to date has been the construction of the 1,487 km, 500 kv North-South transmission line. Work started in April 1992, and the line with its four substations (total capacity 2,700 mVA) was completed in November 1994.

Notable progress has been made in extending the electricity supply to rural and mountain areas, with over 90 percent of districts and over 60 percent of communes and villages now linked up to the national grid.

Despite these achievements, a continuing shortfall in capital is exacerbating the imbalance between the development of power sources and the transmission and distribution networks .

Technological equipment, particularly informational digitization, measurement and control is antiquated and rundown. The power network in many urban and rural areas is of poor quality, while many of the power plants with a long operational life have been downgraded, resulting in unsafe and unreliable power supplies. Further, there are considerable energy inefficiencies, with losses of up to 20 percent.

The extension of the transmission and distribution network will continue, as will the renovation and modernization of the Hanoi, Haiphong and Nam Dinh networks. Financial support to the tune of US$230 million is being provided by both the Asian Development and World Banks.

In planning for the longer term, the Electricity Branch is looking to prepare buffer power projects to commence after 2000. Among the proposals are the Son La Hydroelectric Power Plant (at 3,600 MW, it is two times larger than the Hoa Binh Hydroelectric Power Plant); the Ban Mai, Pray Koong and Dai Ninh Hydroelectric Power Plants (400 MW, 120 MW, and 350 MW respectively), and the Quang Ninh Thermal Power Plant (600-1,200 MW)

Ho Chi Minh City Reports 1994 Economic Growth

BK1203160195 Hanoi VIETNAM INVESTMENT REVIEW in English 2-8 Jan 95 p 11

[Report by Phu Giang]

[FBIS Transcribed Text] Growth in the Ho Chi Minh City economy was seen as steady in 1994 with production considerably boosted and the social situation stable, according to a report from the City's Statistics Department.

Ho Chi Minh City's industrial gross output was estimated to have increased 16.9 percent over 1993.

State-run industries increased output 17.7 percent; the State's Ho Chi Minh City-based chemical, food and garment branches increased as much as 20 percent.

Locally industries reported an increase of 16.0 percent, according to the report. The city's non-State industries increased 18.6 percent. Non-State enterprises in electronic appliances, metal products, paper, food, textiles and garments increased 20 percent over 1993.

Economists from the southern commercial hub attribute the industrial growth to the restructuring of production including investment in new technologies, equipment, improving product quality and lowering production costs.

Much of this improvement was brought on by foreign investment through joint venture, by steady prices on raw materials and by an increased supply of power.

The 1994 industrial growth in Ho Chi Minh City out paces the national average of 13.5 percent, but remains behind Hanoi (28 percent), Haiphong (32.5 percent) and Quang Nam-Da Nang (19 percent).

Ho Chi Minh City's industrial output accounted for 29.9 percent of the total national output in 1994. In 1993 this ratio was 32 percent. The city's proportionally smaller contribution to the national economy is attributed to many factors including the new emphasis on investment in the north and the increase in oil production in other parts of the country.

The City still leads the country in increases in several industries (tobacco production, 71 percent; machine tools, 51.9 percent; rolling steel, 42 percent; and beer, 42.8 percent).

Export turnover of the City in 1994 totalled US$555.3 million, rising by 15.5 percent over last year and accounting for 15 percent of the national export volume.

The export turnover for the whole country increased 20 percent over 1993; Hanoi, 34 percent; and Haiphong, 34.4 percent.

Increases in exports were highest in the realm of light industrial goods. Textile, leather, and garment items accounted for 36.5 percent of total export value of the city, making up the bulk of light industrial exports.

Other major export items include agri-products and forestry products.

Foreign-currency earning services netted US$101.3 million for the City in 1994, an increase of 26.5 percent. This includes a turnover of $79.8 million for the tourism industry. Overseas remittances reached $69.6 million for the whole year.

GDP in Ho Chi Minh City increased by 14.5 percent, compared to the national growth of 8.8 percent. Per capita annual income for Ho Chi Minh City residents is US$810, or 2.8 times the national average.

The City Statistics Department report also says average spending per capita in the City area was VND [Vietnamese Dong] 283,200 per month, an increase of 12.5 percent after inflation. The report says 71.3 percent of households have TV sets; VCRs, 33 percent; cassette recorders, 64.6 percent; motorbikes, 63 percent; and refrigerators, 24.7 percent.

Joint Commission on Fisheries Meets in Thailand

BK1503043095 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 13 Mar 95

[FBIS Translated Text] The Thai-Vietnamese Joint Commission on Fisheries and Sea Order held its first meeting in Phuket Province in southern Thailand on 10 and 11 March under the cochairmanship of Deputy Foreign Ministers Vu Khoan and Surin Phitsuwan.

Attending the meeting were representatives of the aquatic product, national defense, interior, and foreign affairs sectors of the two countries.

During the course of their discussions, the participants stressed the need to establish order at sea and agreed to strengthen their close cooperation in stamping out illegal fishing in each other's sea areas while educating fishermen to respect the laws and regulations of the respective countries. The two sides also agreed on the freedom of travel for all ships and boats transiting the exclusive economic zones of the respective countries. Such free travel must, however, respect the laws of the respective countries in conformity with the international law.

Representatives of the two countries realized the need to have some mechanisms established to coordinate the resolution of those problems that may arise and to conduct joint surveys and control of the aquatic resources of the two countries' overlapping areas in the Gulf of Thailand.

The two sides agreed in principle on the necessity to set up joint patrol teams in the Gulf of Thailand.

Speaking to the press after an agreement-signing ceremony, Deputy Foreign Minister Vu Khoan said: Vietnam always wishes to amplify its friendly and cooperative relations with Thailand. This meeting and those agreements already reached will serve as a cornerstone for the development of fine cooperative relations between the two countries.

The two countries agreed to hold the second meeting of the Thai-Vietnamese Joint Commission on Fisheries and Sea Order in Vietnam.

Deputy Premier, World Tourism Officials Meet

BK1503045195 Hanoi VNA in English 1424 GMT 14 Mar 95

[FBIS Transcribed Text] Hanoi VNA March 14—The Vietnam Tourism Administration (VTA) should further participate in activities of the World Tourism and Travel Council (WTTC) in order to draw more experience on its business, Deputy Prime Minister Phan Van Khai said.

During a meeting with WTTC officials who attended a symposium on tourism development held in Hanoi late last week, Mr. Khai noted that Vietnam's tourist industry needs to be rapidly developed in order to become a major foreign currency earner of the country.

Exchanging views with Mr. Robert Burns, chairman of the WTTC Permanent Committee, and Mr. Geoffrey Lipman, executive president of the WTTC, Mr. Khai said he hoped that Vietnam's active participation in WTTC activities would bring back its tourist industry cooperation and assistance in capital, management and personnel training from the WTTC.

The WTTC officials put forward its ideas on how to overcome difficulties for the preservation of cultural relics and the environment. They said they hoped that Vietnam could actively participate in this organization's activities through the development of its tourist industry.

"In the coming time, the WTTC will cooperate with Vietnam in the domestic tourist development", they added.

In 1994 the VTA received over one million foreign visitors, an increase of 40 per cent compared with the 1993 figure. At present, for the tourist industry, more than 100 joint ventures with a total capital of USD [U.S. dollars] two billion have been licensed in Vietnam.

Mr. Do Quang Trung, VTA general director made known that an international tourism fair is expected to be held in Hanoi in late November this year.

General: Renovation Vital for Nation, Military

952E0061A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Dec 94 pp 51-53, 44

[Interview with Senior General Nguyen Quyet, former director of the Political General Department; date and place not given]

[FBIS Translated Text] [TAP CHI QUOC PHONG TOAN DAN] You have served as secretary of the Communist Party of Vietnam [CPV] Central Committee, vice chairman of the Council of State, and director of the Political General Department of the Vietnam People's Army. On the 50th anniversary of the founding of our army, in your position as the director of the Political General Department during the period when the entire country began renovating based on the spirit of the resolution of the Sixth Congress, would you give us your thoughts on this problem?

[Quyet] Our party's attitude in evaluating the situation at the Sixth Congress was to look at the facts, evaluate the real situation, and speak the truth. With this spirit, looking back, it can be seen that our thinking on socialism was backward in many respects, particularly our views on industrialization, socialist transformation, the economic management mechanism, and distribution and circulation. That was one of the things that delayed the development and concretization of our general line and our economic line during the initial stage of the transitional period. Thus, the resolution of the Sixth Congress pointed out that we must renovate thinking, particularly economic thinking. For our country, renovation is a pressing requirement of the revolution and a vital issue.

The revolutionary history of our country has always been a process of renovation and creativity. In our country's situation at the beginning of this century, President Ho was very innovative and, with a new way of looking at things, discovered a completely new path to national salvation as compared with the paths advocated by the patriotic literati and other classes. This was the path of Marxism-Leninism. Our party has used Marxism-Leninism and Ho Chi Minh Thought as its ideological foundation and compass for carrying on activities.

During the revolutionary periods, the party has sought the most basic themes in order to answer the urgent questions of reality. Answering those questions has required renovation and great ingenuity. At the Sixth Congress, the party put forth three major programs, the center of which was providing grain. The grain problem had been a major issue for several decades, a problem that we had not been able to solve. And at that time, it was a very serious problem. Only by solving the grain problem could we stabilize social life, oppose the destructive plots of the enemy, maintain stability in all respects, and move our country forward. Also, solving the grain problem enabled us to raise the issue of industrializing and modernizing the country.

The policy of developing a socialist-oriented, multifaceted economy managed by the state was the creation of our party. Our target is to eliminate oppression and exploitation and enable everyone to have a happy and prosperous life. But to hit that target, we must find the right path. We must implement policies to enable the various economic elements to develop, with the state economy playing a guiding role, and attract foreign investment in order to expand and develop production and build a fairer and more civilized society.

In renovating things, we must be creative but steadfast. Without creativity, renovation will fail. And if we are not steadfast, there can be no creativity.

Our greatest hope for human society is to have liberated classes, an independent nation, and a happy and prosperous people. Our renovation movement has gradually solved the basic problems: national independence and socialism. We want to renovate without spilling blood. We want to renovate in order to develop while still maintaining our socialist orientation.

When imperialism entered a period of crisis, which led to world war, the revolutionary movement scored victories that led to the formation of socialist countries. Unfortunately, the socialist system has recently fallen into crisis. The collapse of the Soviet Union is a great tragedy in human history. Because they have managed to take the lead in science and technology, the imperialists have made suitable adjustments, continued to develop, and launched sharp counterattacks against socialism. This has confused many people who have not studied things or who have one-sided views. Because of this confusion and loss of direction, a number of people have betrayed and tried to destroy the party and socialism.

Although the socialist system is in crisis, in those places where the situation has been dealt with correctly, socialism is still firm and continues to advance. Conversely, where the situation has not been handled correctly, there have been defeats. Our sixth and seventh congresses pointed out the path, forms, and steps to resolve this crisis, maintain our socialist orientation, and develop the country. In its history, the CPV has had to resolve two crises: the crisis concerning the line for winning national independence at the beginning of the century and the recent crisis in socialism's process of moving forward.

A major lesson of the Sixth Congress was successfully defending the CPV. If the enemy wants to eliminate socialism, they must first destroy the Communist Party using various plots and stratagems, including using those who have betrayed the party, under the guise of pluralism and multiple parties in order to destroy things from the inside. In the face of this situation, our party has remained steadfast, expelled those who have lost their sense of direction, maintained its leadership, and maintained the system.

In renovating, two tendencies must be opposed: violating the revolutionary line and losing our socialist orientation in the name of renovation and failing to accept renovation and being conservative and sluggish, which will do serious damage to the leadership of the party. Those things will destroy the party and our revolution.

In short, in order to advance, we must renovate. But renovation and creativity must be based on remaining steadfast. To put it more simply, if we don't renovate, that will be the end of us. But if renovation takes the wrong path, that, too, will kill us.

[TAP CHI QUOC PHONG TOAN QUOC] How have the renovation viewpoints of the Sixth Congress been implemented in the national defense and military spheres?

[Quyet] In the national defense and military spheres, we have adjusted our strategy for defending the fatherland. The country is entering a period of peace and stability, which has created a new situation for renovating and developing the economy. We have reduced the number of troops and begun reorganizing the standing army and militia and self-defense forces in accord with the new situation. This has helped ease economic tension in the country.

In order to do this, along with ideological work, policies must be implemented. Without correct policies, it will not be possible to solve the problems. Recently, the party and state have implemented suitable positions and policies, and clear results have been achieved. This has enabled the military to reduce the number of troops and reorganize the standing army. Those cadres and soldiers who have completed their military tasks have returned to the localities and become involved in labor and production. They are solidifying and building their families and participating in work suited to their health.

The new thinking concerning national defense and military tasks must overcome two tendencies: rightist and leftist tendencies. The strategic tasks and targets must be adjusted. The immediate and long-term tasks and targets must be clearly defined. Opposing peaceful evolution, turmoil, and violence must be opposed both now and over the long term. At the same time, we must actively make preparations to deal with other situations. Based on this situation, the problem is, while reducing the size of our military, we must strengthen its quality and maintain its ability to fight well. Because of this, we must strengthen cadre training and improve the quality of the troops. Along with reducing the size of the military, we must strengthen the reserves, maintain the existing weapons and equipment well, and purchase more modern weapons and equipment for the military. We must strengthen building an all-people's national defense and people's war position. At the same time, we must build a revolutionary and regular people's army that is skilled in combat and gradually modernize the army. The army must be well-trained not only militarily but also politically. It must be highly adept in opposing the peaceful evolution strategy of the enemy. Modernizing the army is also essential, particularly at the key points. But modernizing the army must be done in accord with conditions in Vietnam just as industrializing and modernizing the economy must be done in accord with the conditions in Vietnam. Fostering peace and developing the economy must be coordinated with solidifying national defense and gradually modernizing the military. We must not relax our vigilance or weaken our national defense. This stems from the plots and stratagems of the enemy forces and the need to defend our fatherland's territorial borders. This does not stem from someone's arbitrary or subjective desires.

[TAP CHI QUOC PHONG TOAN DAN] In the face of the complex changes in the international and domestic situation, in the renovation process what are the most pressing problems with respect to political work in the military?

[Quyet] Political work must adhere to the program, lines, and policies of the party and to both the immediate and long-term targets. The strategic targets must be adhered to firmly, but there must be flexibility in putting forth specific tasks to hit the immediate targets.

The key in political work is to educate the cadres and soldiers so that they adhere firmly to the party's socialist renovation viewpoints, protect the party and state, defend the system, and oppose pluralism and multiple parties. The forces [LLVT] must always study and train in accord with the ideas and ethics of President Ho and strive to be worthy of being "Uncle Ho's troops."

The greatest achievement of ideological work in the past period has been its contribution to successfully maintaining the leadership role of the party in the face of enemy attacks. Those enemy forces that want to destroy us must first destroy the communist party. Using people within the party to destroy the party is the most effective method. Thus, we must constantly strive to build a pure and strong party and keep party members politically strong, active, and creative. This is the factor that will determine the orientation of the activities of the forces. If splits are allowed to develop within the party and there is a loss of solidarity, everything will be lost. Looking back at the recent difficult period, we can see the steadfastness of the military and the confidence that the party, state, and people have in the military. With this, political work has made a great contribution in building a politically strong military and struggling against the plots and stratagems aimed at "depoliticizing" the military, the real goal of which is to eliminate the party's leadership role with respect to the military. Political work has exploited the functions of the military units and participated in mobilizing the masses and building the political base.

In view of the fact that the international situation has changed, the balance of forces is now different, and the country has entered a period of renovation, ideological work has made preparations for the entire military to adjust to the new situation. In coordination with organizational, cadre, and policy work, ideological work has contributed to carrying out the task of reorganizing the forces and reducing the size of the forces based on the requirements. In the new situation, organizational work has been elevated to a new strategic level. Party organizations, from the Central Military Party Committee to the primary level organizations, have really grasped the situation and practiced absolute and direct leadership with respect to every aspect related to the forces.

Speaking franking, in the past period there have been manifestations of slighting the leadership role of the party committee collective, elevating individuals, and slighting all-round leadership. This has damaged the leadership of the party. What we must do is review the practices and implement the principles and leadership mechanisms of the party in the military in order to learn useful lessons and improve the mechanism with the aim of strengthening the party's leadership in the military.

We have also restored internal political protection. However, this does not mean that we have revived the old methods. Based on the principle of ensuring that the military will always be pure politically and oppose the peaceful evolution plots and stratagems of the imperialists and enemy forces, there are new contents and new methods suited to the new situation.

Cadre work is always the key element, and in the new situation, this work is very important. This is because cadres are the ones who decide everything. Cadres are the ones who submit lines and who implement the lines. Having correct lines is up to the cadres, as is organizing things to successfully implement the lines. Because of this, we must build ranks of good-quality, talented, steadfast, and creative cadres and build internal solidarity and military-civilian solidarity. Building ranks of cadres from the primary level is important, but the most important cadres are the strategic cadres. This is because macrocosmic guidance always holds a strategic position. Guarding against the danger of deviations must be given attention at the macrocosmic level.

At a time when the military is being reduced in size, not only must we renovate the cadres, but we must also ensure that the ranks of those who follow have strong political capabilities and the intelligence to satisfy the requirements of the new tasks. Renovation is a process of opposing sluggishness and impatience. Keeping the core cadres will overcome impatience, and promoting young cadres will overcome sluggishness. Clearly, our military has completed its political tasks well, remained loyal to the party and people, participated in opposing peaceful evolution, and participated in productive labor and economic construction. It can be said that during the past period, our military has carried out three functions well, that is, its functions of serving as combat units, work units, and production units. It has made important contributions to the general achievements scored by the country.

A very important issue with respect to political work in the past period has been policy work. Because of having correct policies, it has been possible to carry out the task of reorganizing the forces and reducing the size of the forces in accord with the plans. The policies have contributed to resolving a number of sluggish aspects in building the military, solidifying national defense, and reducing people's lack of ease regarding the military. Policies must give attention to both spiritual and material life. Naturally, the policy requirements must improve, but they must not exceed the real capabilities of the country. Things must be calculated in relationship to other aspects.

In summary, along with political education and ideological leadership, there must be correct policies. Because without correct policies, it will not be possible to mobilize people to fight and make sacrifices for independence and socialism. However, unless attention is given to ideological education, regardless of how good the policies are, it will not be possible to build people and complete the tasks in any situation.

[TAP CHI QUOC PHONG TOAN DAN] Thank you, sir.

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